US short rate 1952−2004
Typical yield curves w/ US 1952−2004 data

- **Typical Vasicek model curve, III**: \( r_0 = \text{avr. short rate}, \text{risk premium='what fits best'} \)

- **Average observed yield curve**

- **Typical Vasicek model curve, I**: \( r_0 = \text{avr. short rate}, \text{risk premium=0} \)

- **Typical Vasicek model curve, II**: \( r_0 = \text{thetahat}, \text{risk premium=0} \)
On the last day in the sample

- **Vasicek model 'prediction' (w/ all the estimates)**
- **Observed yield curve**