Many thanks for your thought-provoking comments on the paper.

**Elaboration on interpretations and findings regarding expectations hypothesis.** In the abstract, I indeed suggest that “the curvature may be a more meaningful indicator of expected future interest rates than the slope”. This is elaborated on in the Introduction (4th paragraph) and in Section 2 following Equation (5). Section 3.2.4 provides empirical evidence, and the Conclusion summarises the finding. A further discussion, elaborating on trading strategies, is added at the end of Section 3.2.4.

**Further interpretation of results linking the macroeconomy and yield curve and discussion of related theories.** In Section 3.3, I discuss two links between macroeconomy and the yield curve factors stemming from the cointegrating relations of the new model, as well as two causal relations stemming from the common trends. The latter suggests that the yield curve slope is affected by macroeconomics activity, while the former suggests that inflation is determined by the level of the yield curve. Some elaboration here is useful: I added a discussion concluding that the level common trend of the yield curve, CT1, may capture inflation expectations and hence influence inflation directly, while the slope common trend, CT2, may be given an interpretation as a risk premium as the other referee suggested.

It would indeed be desirable to develop a theory model describing the dynamics between the macroeconomy and the yield curve uncovered here. Dewachter and Lyrio present such a model for their findings that makes use of equilibrium relationships between the macroeconomy and the yield curve. However, this would be beyond the scope of this paper and is left for future research.