

- Justiniano and Preston (2006)

		No Risk Premium or Cost-push Shock	No Risk Premium Shock	No Cost-push Shock
Coefficient				
Inverse Frisch	ϕ	1.36	1.41	1.15
Intertemporal ES	σ	0.01	0.00	0.01
Calvo domestic prices	α_H	0.79	0.64	0.86
Calvo import prices	α_F	0.95	0.44	0.95
Calvo wages	α_W	0.88	0.77	0.90
Indexation domestic prices	γ_H	0.96	0.73	0.97
Indexation wages	γ_W	0.92	0.60	0.98
Indexation import prices μ	γ_F			0.06
Habit	h	0.61	0.51	0.53
Openness	τ	0.01	0.09	0.04
Elasticity H-F goods	η	0.04	1.36	0.08
Taylor rule, inflation	$\theta\pi$	1.05	2.36	2.04
Taylor rule, output growth	$\theta\chi$	0.19	0.31	0.21
Taylor rule, smoothing	θi	0.77	0.81	0.78
Technology	ρ_a	0.99	0.98	0.98
Preferences	ρ_g	0.90	0.96	0.90
Cost-push imports	ρ_{cpi}		0.98	
Risk premium	ρ_{rp}			0.98

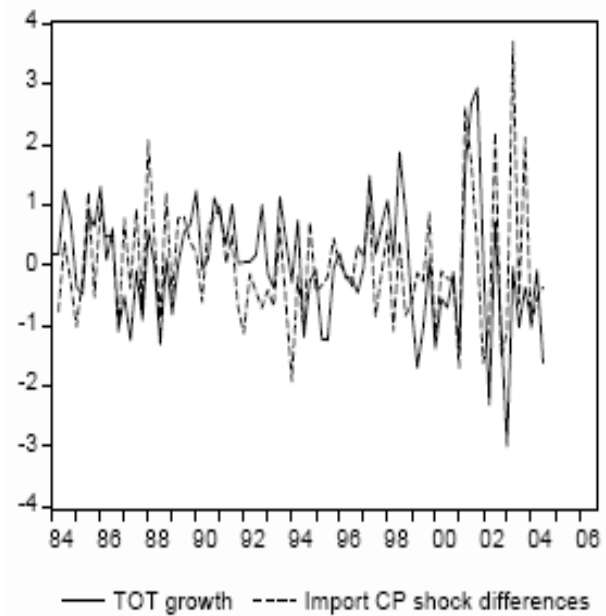
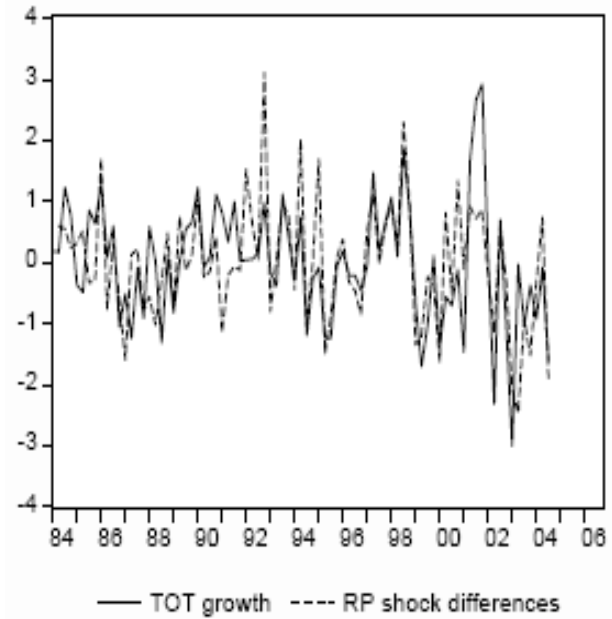
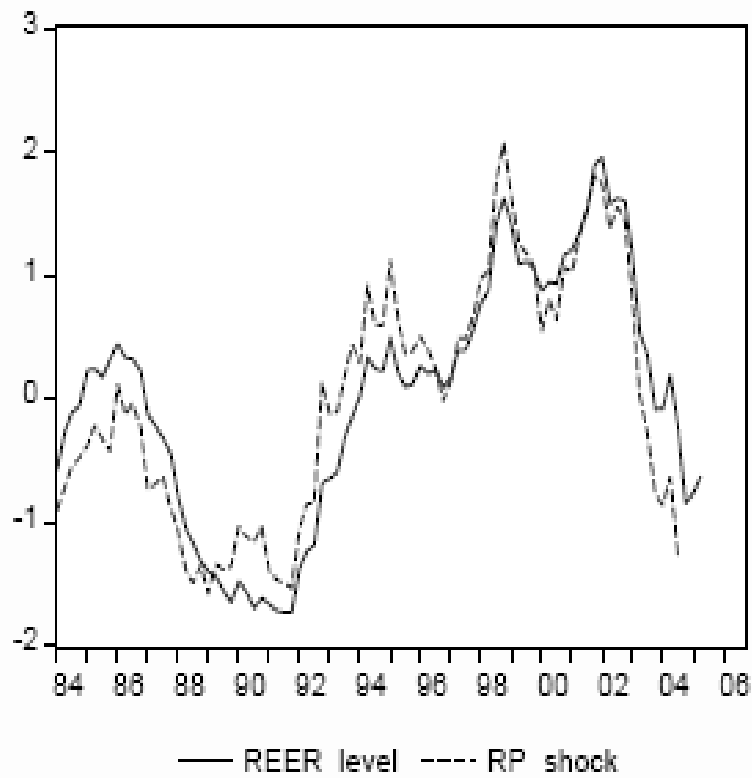
Table 5: Variance Shares of Canadian Series Attributed to All U.S. Shocks in Baseline DSGE and Reduced Form Models

Median Variance Shares, All U.S. shocks /1

Baseline DSGE /2

Series	Forecast errors at 4 quarter horizon	Forecast errors at 16 quarter horizon	Stationary state-space variance
Output	0.004	0.004	0.004
Inflation	0.003	0.007	0.009
Interest Rate	0.001	0.004	0.007
Real Wages	0.006	0.012	0.015
Real Exchange Rate	0.083	0.086	0.085
Terms of Trade	0.045	0.048	0.049

unit interest rate premium μ



Lubik and Schorfheide (2005)

		Posterior Distributions							
		Prior		U.S. - Euro Area		U.S.		Euro Area	
		Mean	90% Interval	Mean	90% Interval	Mean	90% Interval		
θ_H	0.50	[0.25, 0.75]	0.66	[0.53, 0.80]	0.65	[0.51, 0.82]			
θ_F	0.50	[0.25, 0.74]	0.56	[0.28, 0.86]					
θ_H^*	0.75	[0.53, 0.98]	0.86	[0.73, 1.00]					
θ_F^*	0.75	[0.53, 0.98]	0.76	[0.67, 0.85]			0.64	[0.47, 0.85]	
τ	2.00	[1.19, 2.79]	3.76	[2.81, 4.69]	2.77	[1.91, 3.61]	3.01	[2.12, 3.87]	
h	0.30	[0.14, 0.46]	0.41	[0.15, 0.67]	0.40	[0.19, 0.62]	0.48	[0.27, 0.70]	
α	0.12	[0.04, 0.20]	0.13	[0.04, 0.23]					
η	1.00	[0.23, 1.73]	0.43	[0.07, 0.80]					
ψ_1	1.50	[1.09, 1.89]	1.41	[1.03, 1.75]	1.51	[1.07, 1.89]			
ψ_2	0.50	[0.12, 0.87]	0.66	[0.38, 0.96]	0.69	[0.37, 1.00]			
ψ_3	0.10	[0.02, 0.17]	0.03	[0.01, 0.05]					
ψ_1^*	1.50	[1.09, 1.89]	1.37	[1.08, 1.65]			1.80	[1.42, 2.17]	
ψ_2^*	0.50	[0.13, 0.88]	1.27	[0.80, 1.73]			0.49	[0.20, 0.78]	
ψ_3^*	0.10	[0.02, 0.17]	0.03	[0.01, 0.05]					
ρ_A	0.80	[0.65, 0.96]	0.83	[0.75, 0.92]	0.85	[0.78, 0.93]			
ρ_R	0.50	[0.18, 0.84]	0.76	[0.70, 0.81]	0.76	[0.71, 0.82]			
ρ_G	0.80	[0.65, 0.96]	0.90	[0.83, 0.97]	0.88	[0.80, 0.97]			
ρ_A^*	0.60	[0.29, 0.93]	0.85	[0.77, 0.94]			0.89	[0.85, 0.94]	
ρ_R^*	0.50	[0.18, 0.83]	0.84	[0.80, 0.88]			0.83	[0.77, 0.89]	
ρ_G^*	0.80	[0.65, 0.96]	0.94	[0.91, 0.97]			0.88	[0.78, 0.97]	
ρ_Z	0.66	[0.42, 0.91]	0.60	[0.40, 0.82]	0.64	[0.45, 0.85]	0.54	[0.33, 0.75]	

		Posterior Distributions							
		Prior		U.S. - Euro Area		U.S.		Euro Area	
		Mean	90% Interval	Mean	90% Interval	Mean	90% Interval		
$r^{(A)}$	0.50	[0.00, 1.15]	0.86	[0.29, 1.40]	0.45	[0.00, 0.86]	1.68	[0.81, 2.54]	
γ	0.40	[0.07, 0.73]	0.39	[0.23, 0.55]	0.43	[0.25, 0.60]	0.42	[0.26, 0.58]	
$\pi^{(A)}$	7.00	[3.72, 10.11]	3.16	[2.50, 3.83]	3.30	[2.50, 4.01]	2.92	[2.18, 3.64]	
σ_A	1.26	[0.53, 1.99]	1.66	[0.89, 2.44]	1.53	[0.81, 2.13]			
σ_G	1.26	[0.53, 1.98]	0.50	[0.41, 0.58]	0.47	[0.39, 0.56]			
σ_R	0.50	[0.21, 0.79]	0.18	[0.15, 0.21]	0.18	[0.15, 0.21]			
σ_{A^*}	0.50	[0.21, 0.79]	2.61	[1.18, 4.16]			1.89	[0.94, 2.87]	
σ_{G^*}	1.25	[0.52, 1.97]	0.62	[0.50, 0.73]			0.49	[0.40, 0.57]	
σ_{R^*}	0.25	[0.11, 0.40]	0.18	[0.14, 0.21]			0.15	[0.12, 0.18]	
σ_Z	0.63	[0.27, 0.99]	0.35	[0.23, 0.47]	0.37	[0.24, 0.49]	0.40	[0.26, 0.54]	
σ_E	4.39	[1.82, 6.90]	4.48	[3.88, 5.07]					

Table 7: VARIANCE DECOMPOSITIONS OF DEPRECIATION RATE

	Benchmark, $\psi_3 = \psi_3^* = 0$				Perfect Pass-through			
	Prior		Posterior		Prior		Posterior	
	Mean	90% Interval	Mean	90% Interval	Mean	90% Interval	Mean	90% Interval
Monetary Policy	0.08	[0.00, 0.19]	0.02	[0.01, 0.02]	0.07	[0.00, 0.17]	0.01	[0.01, 0.02]
Monetary Policy (*)	0.03	[0.00, 0.06]	0.03	[0.02, 0.05]	0.02	[0.00, 0.05]	0.03	[0.01, 0.04]
Stat Technology	0.02	[0.00, 0.04]	0.01	[0.00, 0.01]	0.01	[0.00, 0.03]	0.01	[0.00, 0.01]
Stat Technology (*)	0.00	[0.00, 0.00]	0.00	[0.00, 0.00]	0.00	[0.00, 0.00]	0.00	[0.00, 0.01]
Gov Spending	0.02	[0.00, 0.04]	0.00	[0.00, 0.00]	0.02	[0.00, 0.04]	0.00	[0.00, 0.00]
Gov Spending (*)	0.02	[0.00, 0.04]	0.01	[0.00, 0.01]	0.01	[0.00, 0.03]	0.00	[0.00, 0.01]
World Technology	0.03	[0.00, 0.06]	0.01	[0.00, 0.02]	0.02	[0.00, 0.05]	0.00	[0.00, 0.01]
PPP Shock	0.82	[0.61, 0.99]	0.93	[0.91, 0.96]	0.85	[0.65, 1.00]	0.94	[0.92, 0.96]

Nominal Depreciation

