<<Christiano, Ilut, Motto, Rostagno>>
Boom-Bust

Figure 1: S&P500 Divided by CPI (Shiller)
Inflation and Stock Prices
Expectation Shock

Figure 8: RBC and Simple Monetary Model
Expectation of Technology Shock in Period 13 Not Realized

Note: subscription nominal rate of interest indicates date of payoff. $R_{t+1}^e$ is graphed at date t. $x_{t+1}$ indicates gross change in price level from t-1 to t.
Figure 11: Response of Simple Monetary Model and Perturbed Model to Signal Shock Perturbation: Technology Shock Realized in Period 13

Note: The subscript on nominal rate of interest indicates date of payoff. $R^\Phi_{t+1, t-1}$ is graphed at date $t$. $\pi_t$ indicates gross change in price level from $t-1$ to $t$. 

- Output
- Investment
- Consumption
- Hours Worked
- Ex post realized $R^\Phi_{t+1, t-1}$ (annual)
- $P_x$
- Inflation, $\pi_t$
- Nominal Interest Rate, $R^\Phi_{t+1}$ (annual)
- Real wage

percent
percent
percent
percent
percent
basis points
percent
percent
percent
Figure 14:
Response of Simple Monetary Model and Perturbed Model to Signal Shock
Perturbation - $\alpha_t = 1.05$

- Output
- Investment
- Consumption
- Hours Worked
- Ex post realized $R_t^0$, $\pi_t$ (annual)
- Price of $x^*$
- Inflation, $\pi_t$
- Nominal Interest Rate, $R_t^0$ (annual)
- Real wage
Figure 15:
Response of Simple Monetary Model and Perturbed Model to Signal Shock
Perturbation - 100 Basis Point Negative Policy Shock to Interest Rate in Period 11 that is Not Realized

- Output
- Investment
- Consumption
- Hours Worked
- Ex post realized $R^e_{t+1}$ (annual)
- $P_{t+1}$
- Inflation, $\pi_t$
- Nominal Interest Rate, $R^e_{t+1}$ (annual)
- Real wage

Legend:
- Perturbed Simple Monetary Model
- Simple Monetary Model
Figure 20: Behavior of Money, Credit and Net Worth in Full Monetary Model

- Base growth (APR) (currency plus bank reserves)
- M1 growth (APR) (currency plus demand deposits)
- M3 Growth (APR) (M1 plus savings deposits)
- Total credit growth (APR) (working capital loans plus loans to entrepreneurs)
- Net Worth
Figure 21: Response of Full Monetary Model and Perturbed Model to Signal Shock
Perturbation - Monetary Policy Response to Credit Growth
<<Davis (2007)>>
Results for Beaudry and Portier News Shock Identification using Labor Productivity

![Graphs showing the relationship between labor productivity, log 5-year bond price, and forecast error variance decomposition. The graphs illustrate the short-run and long-run identification of news shocks.]