Response to a MP shock (CEE)

Figure 1. Estimated Dynamic Response to a Monetary Policy Shock

Federal funds rate

GDP

GDP deflator

M2
NK Model: Effect of a MP Shock

- Output gap
- Inflation
- Nominal rate
- Real rate
NK Model: Effect of a Technology Shock
Figure 1 - Examples of individual price trajectories (French and Italian CPI data)
Determinacy/ Indeterminacy