

<< Gali' and Rabanal (2006) >>

**IRFs to 1-std
technology
shock**

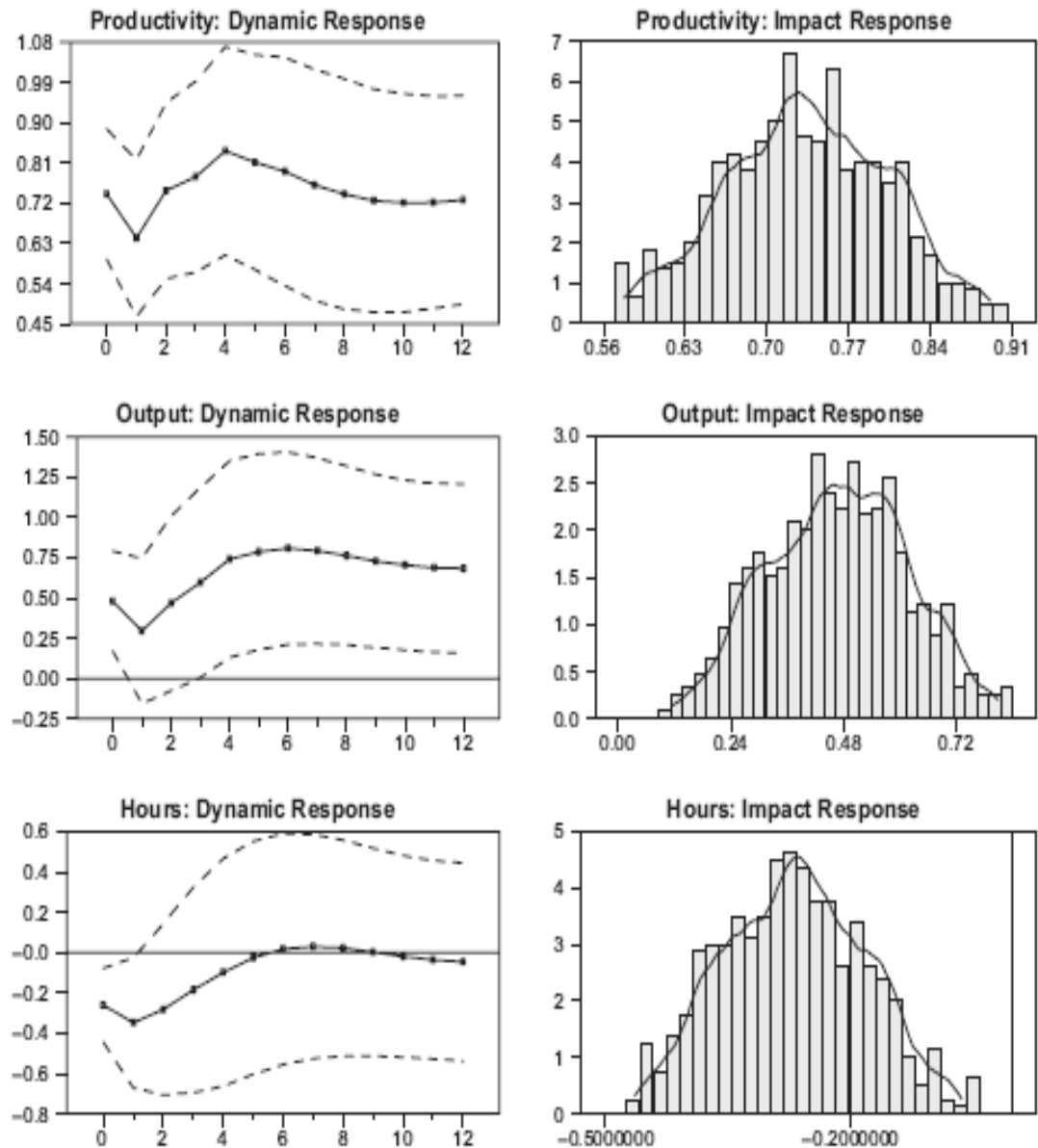


Figure 2
The estimated effects of technology shocks (*Difference specification, 1948:01–2002:04*)

Robustness to different VAR specifications

Table 1

The effects of technology shocks on output and hours in the nonfarm business sector

	Contribution to		Conditional	Impact on n and y	
	$\text{var}(y)$	$\text{var}(n)$	$\text{corr}(y, n)$	Sign	Significance
Per-capita hours					
Difference	0.07	0.05	-0.08	-/+	Yes/yes
Level	0.37	0.11	0.80	+/+	No/yes
Detrended	0.07	0.05	-0.11	-/+	Yes/yes
Total hours					
Difference	0.06	0.06	-0.03	-/+	Yes/yes
Level	0.10	0.36	0.80	-/-	Yes/no
Detrended	0.15	0.36	0.80	-/0	Yes/no

Table 3

Investment-specific technology shocks: the Fisher model

	Contribution of N-shocks to:			Contribution of I-shocks to:		
	$\text{var}(y)$	$\text{var}(n)$	$\text{corr}(y, n)$	$\text{var}(y)$	$\text{var}(n)$	$\text{corr}(y, n)$
Per-capita hours						
Difference	0.06	0.06	-0.09	0.22	0.19	0.94
Level	0.12	0.02	0.16	0.62	0.60	0.96
Detrended	0.08	0.07	-0.03	0.10	0.09	0.94
Total hours						
Difference	0.07	0.06	0.05	0.16	0.14	0.94
Level	0.05	0.15	0.33	0.82	0.78	0.97
Detrended	0.10	0.28	0.62	0.09	0.08	0.93
Employment rate						
Difference	0.21	0.05	0.08	0.19	0.13	0.93
Level	0.08	0.08	-0.32	0.86	0.89	0.95
Detrended	0.06	0.17	-0.11	0.12	0.10	0.92
Total employment						
Difference	0.19	0.06	-0.05	0.10	0.06	0.90
Level	0.04	0.16	-0.25	0.64	0.52	0.96
Detrended	0.04	0.20	0.05	0.12	0.09	0.90

Estimated DSGE

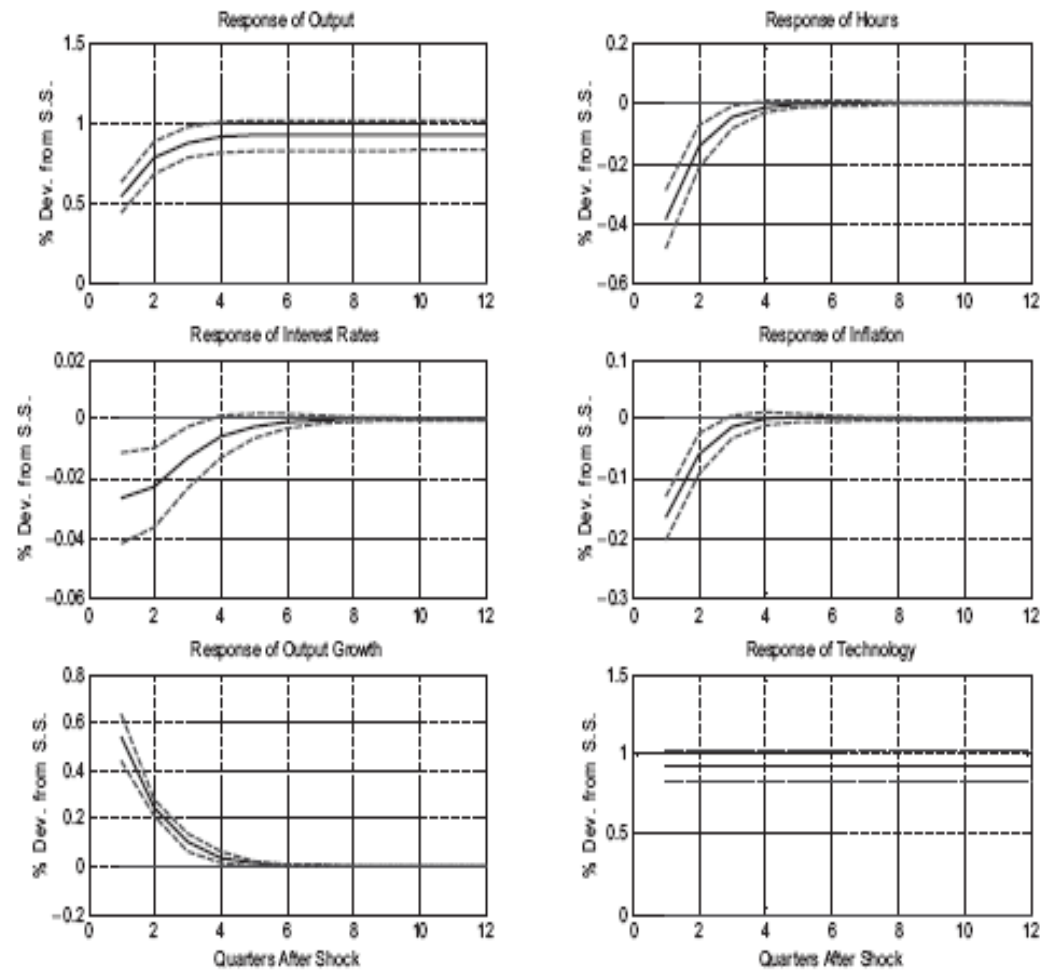


Figure 7
Posterior impulse responses to a technology shock: model based estimates

Estimated DSGE

Table 6

Variance decomposition from estimated DSGE model

	Shocks				
	Monetary	Technology	Preference	Price markup	Wage markup
Output growth	4.8%	22.3%	57.1%	8.0%	7.1%
Inflation	27.1%	6.1%	36.3%	13.7%	14.7%
Nominal rate	5.0%	0.4%	72.3%	9.8%	11.8%
Hours	0.4%	0.8%	70.0%	17.6%	9.6%
Wage – output	0.1%	0.1%	73.6%	12.0%	12.8%