

Replication Project

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Temp text

$$\begin{bmatrix} A_g^2 & A_m^2 & A_{pp}^2 & A_{pm}^2 & A_u^2 \\ A_g^5 & A_m^5 & A_{pp}^5 & A_{pm}^5 & A_u^5 \\ A_g^{10} & A_m^{10} & A_{pp}^{10} & A_{pm}^{10} & A_u^{10} \\ A_g^s & A_m^s & A_{pp}^s & A_{pm}^s & A_u^s \\ A_g^{epu} & A_m^{epu} & A_{pp}^{epu} & A_{pm}^{epu} & A_u^{epu} \end{bmatrix} = \begin{bmatrix} + & + & - & + & + \\ + & + & - & + & >< \\ + & + & - & + & - \\ + & - & - & - & - \\ >< & >< & + & + & + \end{bmatrix}$$

1. [5, 5] shock to uncertainty increases epu
2. [4, 5] shock to uncertainty decreases stock prices
3. [3, 5] shock to uncertainty decreases long run yields
4. [2, 5] Agnostic direction
5. [1, 5] shock to uncertainty increases short run yields
6. [5, 4] shock to risk premium increases epu
7. [5, 4] shock to risk premium increases epu
8. [5, 2] shock to monetary policy increases epu
9. [5, 1] shock to growth increases epu