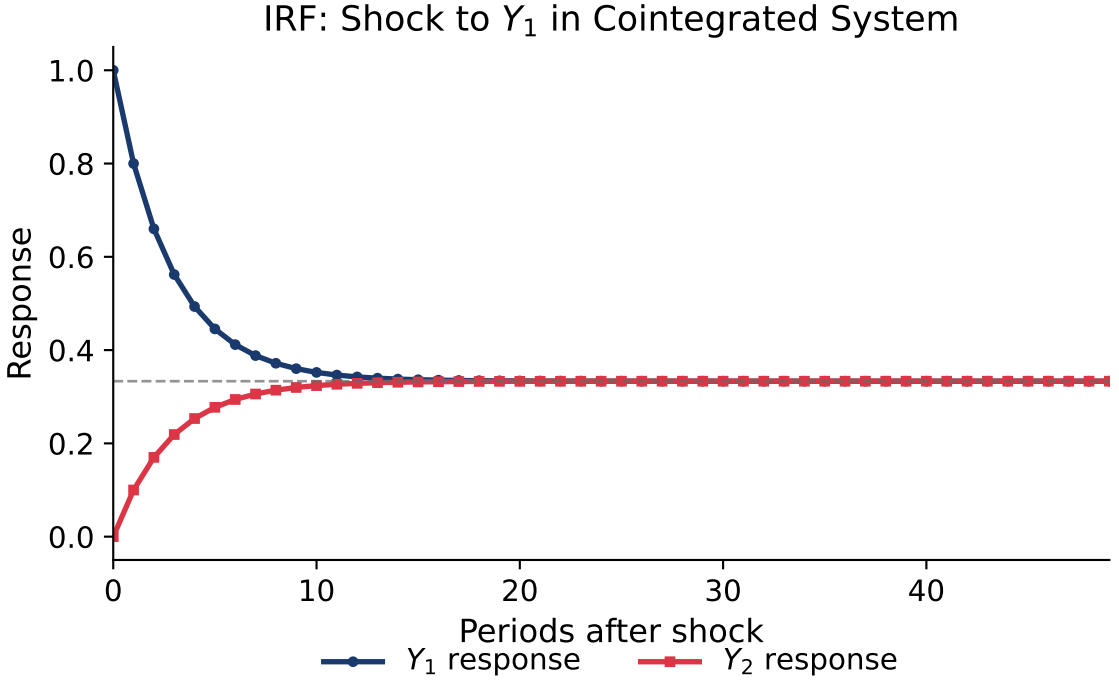
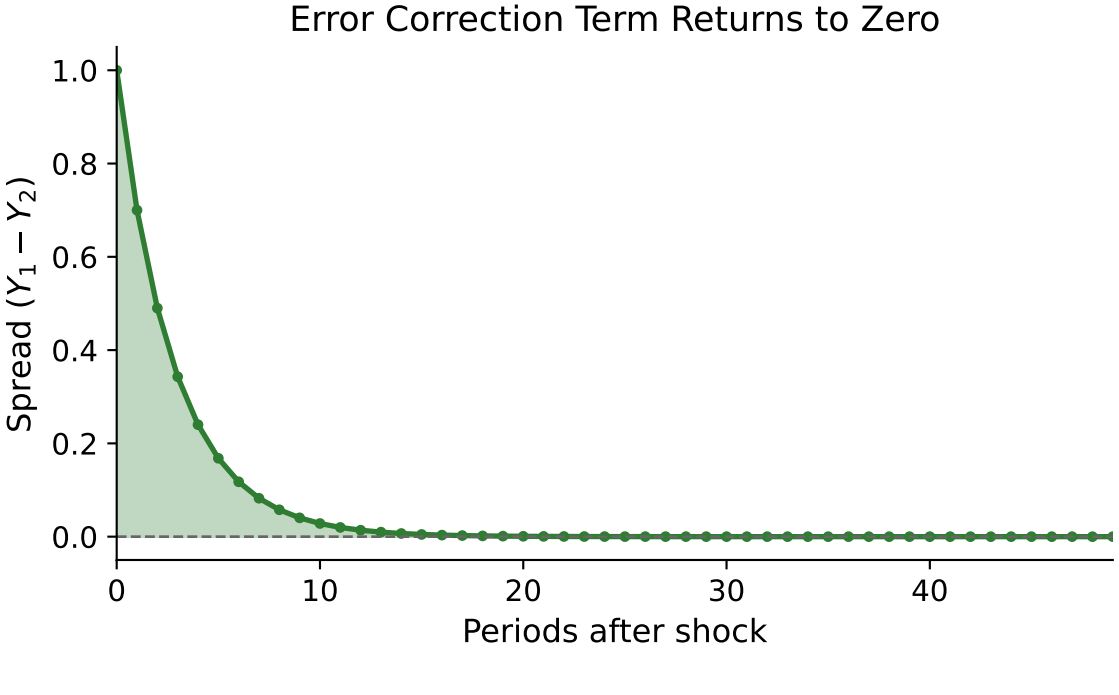

IRF: Shock to Y_1 in Cointegrated System
Response
1.0
0.8
0.6
0.4
0.2
0.0
0
10
20
30
40
Periods after shock
Y_1 response
Y_2 response


Error Correction Term Returns to Zero
Spread ($Y_1 - Y_2$)
1.0
0.8
0.6
0.4
0.2
0.0
0
10
20
30
40
Periods after shock