Table 1: Aggregate Consumption Dynamics in Rep Agent Economy

$$\Delta \log \mathbf{C}_{t+1} = \varsigma + \chi \Delta \log \mathbf{C}_t + \eta \mathbb{E}_t[\Delta \log \mathbf{Y}_{t+1}] + \alpha A_t + \epsilon$$

| Expectations : Dep Var | | | OLS | (2nd Stage) | $F$ $p$-val |
|---|---|---|---|---|---|
| Independent Variables | | | or IV | $\bar{R}^2$ | IV OID |
| Frictionless : $\Delta \log \mathbf{C}_{t+1}$ | | | | | |
| $\Delta \log \mathbf{C}_t$ | $\Delta \log \mathbf{Y}_{t+1}$ | $A_t$ | | | |
| 0.016 | | | OLS | -0.000 | 0.493 |
| (0.070) | | | | | |
| | 0.058 | | IV | 0.016 | 0.506 |
| | (0.280) | | | | |
| | | 0.0001 | IV | -0.000 | 0.000 |
| | | (0.0002) | | | |
| 0.044 | 0.420 | -0.0000 | IV | 0.009 | 999.000 |
| (0.475) | (0.265) | (0.0002) | | | |
| Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \mathbf{C}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2 =$ -0.001 | | | | | |
| Sticky : $\Delta \log \mathbf{C}_{t+1}$ | | | | | |
| $\Delta \log \mathbf{C}_t$ | $\Delta \log \mathbf{Y}_{t+1}$ | $A_t$ | | | |
| 0.802 | | | OLS | 0.642 | 0.000 |
| (0.042) | | | | | |
| Sticky : $\Delta \log \widetilde{\mathbf{C}}_{t+1}$ | | | | | |
| $\Delta \log \widetilde{\mathbf{C}}_t$ | $\Delta \log \mathbf{Y}_{t+1}$ | $A_t$ | | | |
| 0.346 | | | OLS | 0.125 | 0.003 |
| (0.064) | | | | | |
| 0.686 | | | IV | 0.119 | 0.000 |
| (0.151) | | | | | |
| | 0.073 | | IV | 0.013 | 0.526 |
| | (0.163) | | | | |
| | | -0.0003 | IV | 0.042 | 0.000 |
| | | (0.0001) | | | |
| 0.671 | 0.117 | -0.0000 | IV | 0.120 | 999.000 |
| (0.226) | (0.184) | (0.0002) | | | |
| Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \widetilde{\mathbf{C}}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2 =$ 0.124 | | | | | |
| Horserace coefficient on $\Delta \log \widetilde{\mathbf{C}}_t$ significant at 95% level for 89 of 100 subintervals. | | | | | |
| Horserace coefficient on $\mathbb{E}[\Delta \log \mathbf{Y}_{t+1}]$ significant at 95% level for 9 of 100 subintervals. | | | | | |

Table 2: Aggregate Consumption Dynamics in Rep Agent Markov Economy (11 states)

$$\Delta \log \mathbf{C}_{t+1} = \varsigma + \chi \Delta \log \mathbf{C}_t + \eta \mathbb{E}_t[\Delta \log \mathbf{Y}_{t+1}] + \alpha A_t + \epsilon$$

| Expectations : Dep Var | | | OLS | (2nd Stage) | $F$ $p$-val |
|---|---|---|---|---|---|
| Independent Variables | | | or IV | $\bar{R}^2$ | IV OID |
| Frictionless : $\Delta \log \mathbf{C}_{t+1}$ | | | | | |
| $\Delta \log \mathbf{C}_t$ | $\Delta \log \mathbf{Y}_{t+1}$ | $A_t$ | | | |
| -0.003 | | | OLS | 0.003 | 0.448 |
| (0.077) | | | | | |
| | 0.167 | | IV | 0.016 | 0.112 |
| | (0.375) | | | | |
| | | -0.0000 | IV | 0.015 | 0.000 |
| | | (0.0001) | | | |
| -0.021 | 0.137 | 0.0000 | IV | 0.016 | 999.000 |
| (0.992) | (0.880) | (0.0003) | | | |
| Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \mathbf{C}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2 = 0.019$ | | | | | |
| Sticky : $\Delta \log \mathbf{C}_{t+1}$ | | | | | |
| $\Delta \log \mathbf{C}_t$ | $\Delta \log \mathbf{Y}_{t+1}$ | $A_t$ | | | |
| 0.785 | | | OLS | 0.617 | 0.000 |
| (0.044) | | | | | |
| Sticky : $\Delta \log \widetilde{\mathbf{C}}_{t+1}$ | | | | | |
| $\Delta \log \widetilde{\mathbf{C}}_t$ | $\Delta \log \mathbf{Y}_{t+1}$ | $A_t$ | | | |
| 0.230 | | | OLS | 0.063 | 0.080 |
| (0.067) | | | | | |
| 0.708 | | | IV | 0.117 | 0.004 |
| (0.185) | | | | | |
| | 0.614 | | IV | 0.094 | 0.097 |
| | (0.212) | | | | |
| | | -0.0001 | IV | 0.056 | 0.000 |
| | | (0.0001) | | | |
| 0.510 | 0.208 | 0.0000 | IV | 0.121 | 999.000 |
| (0.324) | (0.422) | (0.0001) | | | |
| Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \widetilde{\mathbf{C}}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2 = 0.126$ | | | | | |

Horserace coefficient on $\Delta \log \widetilde{\mathbf{C}}_t$ significant at 95% level for 39 of 100 subintervals.

Horserace coefficient on $\mathbb{E}[\Delta \log \mathbf{Y}_{t+1}]$ significant at 95% level for 7 of 100 subintervals.

Table 3: Aggregate Consumption Dynamics in Small Open Economy

$$\Delta \log \mathbf{C}_{t+1} = \varsigma + \chi \Delta \log \mathbf{C}_t + \eta \mathbb{E}_t[\Delta \log \mathbf{Y}_{t+1}] + \alpha A_t + \epsilon$$

| Expectations : Dep Var | | | OLS | (2nd Stage) | $F$ $p$-val |
|---|---|---|---|---|---|
| Independent Variables | | | or IV | $\bar{R}^2$ | IV OID |
| Frictionless : $\Delta \log \mathbf{C}_{t+1}$ | | | | | |
| $\Delta \log \mathbf{C}_t$ | $\Delta \log \mathbf{Y}_{t+1}$ | $A_t$ | | | |
| 0.006 | | | OLS | -0.001 | 0.557 |
| (0.070) | | | | | |
| | 0.025 | | IV | 0.013 | 0.479 |
| | (0.268) | | | | |
| | | 0.0009 | IV | 0.000 | 0.000 |
| | | (0.0041) | | | |
| -0.075 | 0.311 | 0.0002 | IV | 0.008 | 999.000 |
| (0.543) | (0.256) | (0.0047) | | | |
| Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \mathbf{C}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2 = 0.004$ | | | | | |
| Sticky : $\Delta \log \mathbf{C}_{t+1}$ | | | | | |
| $\Delta \log \mathbf{C}_t$ | $\Delta \log \mathbf{Y}_{t+1}$ | $A_t$ | | | |
| 0.572 | | | OLS | 0.329 | 0.000 |
| (0.059) | | | | | |
| Sticky : $\Delta \log \widetilde{\mathbf{C}}_{t+1}$ | | | | | |
| $\Delta \log \widetilde{\mathbf{C}}_t$ | $\Delta \log \mathbf{Y}_{t+1}$ | $A_t$ | | | |
| 0.209 | | | OLS | 0.047 | 0.064 |
| (0.066) | | | | | |
| 0.580 | | | IV | 0.059 | 0.003 |
| (0.198) | | | | | |
| | 0.089 | | IV | 0.011 | 0.453 |
| | (0.182) | | | | |
| | | -0.0122 | IV | 0.033 | 0.000 |
| | | (0.0054) | | | |
| 0.539 | 0.119 | -0.0026 | IV | 0.063 | 999.000 |
| (0.294) | (0.179) | (0.0090) | | | |
| Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \widetilde{\mathbf{C}}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2 = 0.065$ | | | | | |

Horserace coefficient on $\Delta \log \widetilde{\mathbf{C}}_t$ significant at 95% level for 53 of 100 subintervals.

Horserace coefficient on $\mathbb{E}[\Delta \log \mathbf{Y}_{t+1}]$ significant at 95% level for 13 of 100 subintervals.

Table 4: Aggregate Consumption Dynamics in Small Open Markov Economy (11 states)

$$\Delta \log \mathbf{C}_{t+1} = \varsigma + \chi \Delta \log \mathbf{C}_t + \eta \mathbb{E}_t[\Delta \log \mathbf{Y}_{t+1}] + \alpha A_t + \epsilon$$

| Expectations : Dep Var | | | OLS | (2nd Stage) | $F$ $p$-val |
|---|---|---|---|---|---|
| Independent Variables | | | or IV | $\bar{R}^2$ | IV OID |
| Frictionless : $\Delta \log \mathbf{C}_{t+1}$ | | | | | |
| $\Delta \log \mathbf{C}_t$ | $\Delta \log \mathbf{Y}_{t+1}$ | $A_t$ | | | |
| 0.358 | | | OLS | 0.129 | 0.000 |
| (0.064) | | | | | |
| | 0.432 | | IV | 0.031 | 0.056 |
| | (0.223) | | | | |
| | | -0.0006 | IV | 0.029 | 0.000 |
| | | (0.0005) | | | |
| 0.179 | 0.240 | -0.0001 | IV | 0.035 | 999.000 |
| (0.643) | (0.480) | (0.0011) | | | |
| Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \mathbf{C}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2 = 0.035$ | | | | | |
| Sticky : $\Delta \log \mathbf{C}_{t+1}$ | | | | | |
| $\Delta \log \mathbf{C}_t$ | $\Delta \log \mathbf{Y}_{t+1}$ | $A_t$ | | | |
| 0.862 | | | OLS | 0.743 | 0.000 |
| (0.035) | | | | | |
| Sticky : $\Delta \log \widetilde{\mathbf{C}}_{t+1}$ | | | | | |
| $\Delta \log \widetilde{\mathbf{C}}_t$ | $\Delta \log \mathbf{Y}_{t+1}$ | $A_t$ | | | |
| 0.328 | | | OLS | 0.115 | 0.008 |
| (0.063) | | | | | |
| 0.774 | | | IV | 0.187 | 0.000 |
| (0.140) | | | | | |
| | 0.848 | | IV | 0.148 | 0.051 |
| | (0.198) | | | | |
| | | -0.0008 | IV | 0.053 | 0.000 |
| | | (0.0004) | | | |
| 0.615 | 0.221 | 0.0000 | IV | 0.192 | 999.000 |
| (0.290) | (0.471) | (0.0007) | | | |
| Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \widetilde{\mathbf{C}}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2 = 0.195$ | | | | | |

Horserace coefficient on $\Delta \log \widetilde{\mathbf{C}}_t$ significant at 95% level for 66 of 100 subintervals.

Horserace coefficient on $\mathbb{E}[\Delta \log \mathbf{Y}_{t+1}]$ significant at 95% level for 7 of 100 subintervals.

Table 5: Aggregate Consumption Dynamics in HA-DSGE Economy

$$\Delta \log \mathbf{C}_{t+1} = \varsigma + \chi \Delta \log \mathbf{C}_t + \eta \mathbb{E}_t[\Delta \log \mathbf{Y}_{t+1}] + \alpha A_t + \epsilon$$

| Expectations : Dep Var | | | OLS | (2nd Stage) | $F$ $p$-val |
|---|---|---|---|---|---|
| Independent Variables | | | or IV | $\bar{R}^2$ | IV OID |
| Frictionless : $\Delta \log \mathbf{C}_{t+1}$ | | | | | |
| $\Delta \log \mathbf{C}_t$ | $\Delta \log \mathbf{Y}_{t+1}$ | $A_t$ | | | |
| 0.012 | | | OLS | -0.001 | 0.536 |
| (0.070) | | | | | |
| | 0.013 | | IV | 0.011 | 0.465 |
| | (0.196) | | | | |
| | | -0.0002 | IV | 0.005 | 0.000 |
| | | (0.0004) | | | |
| -0.220 | 0.198 | -0.0003 | IV | 0.011 | 999.000 |
| (0.591) | (0.212) | (0.0006) | | | |
| Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \mathbf{C}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2 = 0.007$ | | | | | |
| Sticky : $\Delta \log \mathbf{C}_{t+1}$ | | | | | |
| $\Delta \log \mathbf{C}_t$ | $\Delta \log \mathbf{Y}_{t+1}$ | $A_t$ | | | |
| 0.525 | | | OLS | 0.282 | 0.001 |
| (0.065) | | | | | |
| Sticky : $\Delta \log \widetilde{\mathbf{C}}_{t+1}$ | | | | | |
| $\Delta \log \widetilde{\mathbf{C}}_t$ | $\Delta \log \mathbf{Y}_{t+1}$ | $A_t$ | | | |
| 0.169 | | | OLS | 0.034 | 0.159 |
| (0.067) | | | | | |
| 0.613 | | | IV | 0.074 | 0.002 |
| (0.194) | | | | | |
| | 0.077 | | IV | 0.010 | 0.457 |
| | (0.153) | | | | |
| | | -0.0010 | IV | 0.050 | 0.000 |
| | | (0.0003) | | | |
| 0.503 | 0.065 | -0.0003 | IV | 0.078 | 999.000 |
| (0.345) | (0.169) | (0.0007) | | | |
| Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \widetilde{\mathbf{C}}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2 = 0.083$ | | | | | |

Horserace coefficient on $\Delta \log \widetilde{\mathbf{C}}_t$ significant at 95% level for 44 of 100 subintervals.

Horserace coefficient on $\mathbb{E}[\Delta \log \mathbf{Y}_{t+1}]$ significant at 95% level for 7 of 100 subintervals.

Table 6: Aggregate Consumption Dynamics in HA-DSGE Markov Economy (11 states)

$$\Delta \log \mathbf{C}_{t+1} = \varsigma + \chi \Delta \log \mathbf{C}_t + \eta \mathbb{E}_t[\Delta \log \mathbf{Y}_{t+1}] + \alpha A_t + \epsilon$$

| Expectations : Dep Var | | | OLS | (2nd Stage) | $F$ $p$-val |
|---|---|---|---|---|---|
| Independent Variables | | | or IV | $\bar{R}^2$ | IV OID |
| Frictionless : $\Delta \log \mathbf{C}_{t+1}$ | | | | | |
| $\Delta \log \mathbf{C}_t$ | $\Delta \log \mathbf{Y}_{t+1}$ | $A_t$ | | | |
| 0.349 | | | OLS | 0.124 | 0.000 |
| (0.064) | | | | | |
| | 0.495 | | IV | 0.059 | 0.048 |
| | (0.175) | | | | |
| | | -0.0003 | IV | 0.065 | 0.000 |
| | | (0.0002) | | | |
| 0.119 | 0.151 | -0.0002 | IV | 0.067 | 999.000 |
| (0.705) | (0.477) | (0.0005) | | | |
| Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \mathbf{C}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2 = 0.068$ | | | | | |
| Sticky : $\Delta \log \mathbf{C}_{t+1}$ | | | | | |
| $\Delta \log \mathbf{C}_t$ | $\Delta \log \mathbf{Y}_{t+1}$ | $A_t$ | | | |
| 0.859 | | | OLS | 0.738 | 0.000 |
| (0.036) | | | | | |
| Sticky : $\Delta \log \widetilde{\mathbf{C}}_{t+1}$ | | | | | |
| $\Delta \log \widetilde{\mathbf{C}}_t$ | $\Delta \log \mathbf{Y}_{t+1}$ | $A_t$ | | | |
| 0.259 | | | OLS | 0.076 | 0.033 |
| (0.065) | | | | | |
| 0.780 | | | IV | 0.200 | 0.000 |
| (0.145) | | | | | |
| | 0.815 | | IV | 0.177 | 0.038 |
| | (0.176) | | | | |
| | | -0.0004 | IV | 0.111 | 0.000 |
| | | (0.0001) | | | |
| 0.554 | 0.224 | -0.0001 | IV | 0.208 | 999.000 |
| (0.343) | (0.516) | (0.0003) | | | |
| Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \widetilde{\mathbf{C}}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2 = 0.212$ | | | | | |

Horserace coefficient on $\Delta \log \widetilde{\mathbf{C}}_t$ significant at 95% level for 53 of 100 subintervals.

Horserace coefficient on $\mathbb{E}[\Delta \log \mathbf{Y}_{t+1}]$ significant at 95% level for 6 of 100 subintervals.