Table 1: 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 : $\Delta \log \mathbf{C}_{t+1}$					
$\Delta \log \mathbf{C}_{t+1}$	$\Delta \log \mathbf{Y}_{t+1}$	A_t			
0.030^{***}			OLS	0.001	
(0.007)					
0.893^{***}			IV	0.004	0.000
(0.134)					
	0.365		IV	0.002	0.340
	(0.226)				
		-0.0001^{***}	IV	0.004	0.000
		(0.0000)			
0.061	0.502^{***}	-0.0001^{**}	IV	0.005	
(0.340)	(0.151)	(0.0001)			
Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \mathbf{C}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2$ =0.004					

Notes: Reported statistics are for a single simulation of 20000 quarters. Stars indicate statistical significance at the 90%, 95%, and 99% levels, respectively. Instruments $\mathbf{Z}_t = \{\Delta \log \mathbf{C}_{t-1}, \Delta \log \mathbf{C}_{t-2}, \Delta \log \mathbf{Y}_{t-1}, \Delta \log \mathbf{Y}_{t-2}, A_{t-1}, A_{t-2}, \Delta_8 \log \mathbf{C}_{t-2}, \Delta_8 \log \mathbf{Y}_{t-2}\}$.

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
Sticky : $\Delta \log \mathbf{C}_{t+1}$					
$\Delta \log \mathbf{C}_{t+1}$	$\Delta \log \mathbf{Y}_{t+1}$	A_t			
0.863^{***}			OLS	0.745	
(0.003)					
0.906^{***}			IV	0.487	0.000
(0.005)					
	0.841^{***}		IV	0.426	0.000
	(0.010)				
		-0.0002^{***}	IV	0.335	0.000
		(0.0000)			
0.791^{***}	0.007	-0.0000^{***}	IV	0.492	
(0.011)	(0.014)	(0.0000)			
Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \mathbf{C}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2$ =0.492					
Sticky : $\Delta \log \widetilde{\mathbf{C}}_{t+1}$					
$\Delta \log \widetilde{\mathbf{C}}_{t+1}$	$\Delta \log \mathbf{Y}_{t+1}$	A_t			
0.565^{***}			OLS	0.320	
(0.006)					
0.911^{***}			IV	0.359	0.000
(0.010)					
	0.828^{***}		IV	0.321	0.000
	(0.011)				
		-0.0002^{***}	IV	0.261	0.000
		(0.0000)			
0.790^{***}	-0.000	-0.0000^{***}	IV	0.363	
(0.024)	(0.029)	(0.0000)			
Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \widetilde{\mathbf{C}}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2$ =0.363					

Notes: Reported statistics are for a single simulation of 20000 quarters. Stars indicate statistical significance at the 90%, 95%, and 99% levels, respectively. Instruments $\mathbf{Z}_t = \{\Delta \log \mathbf{C}_{t-1}, \Delta \log \mathbf{C}_{t-2}, \Delta \log \mathbf{Y}_{t-1}, \Delta \log \mathbf{Y}_{t-2}, A_{t-1}, A_{t-2}, \Delta_8 \log \mathbf{C}_{t-2}, \Delta_8 \log \mathbf{Y}_{t-2}\}$.

Table 3: 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 : $\Delta \log \mathbf{C}_{t+1}$					
$\Delta \log \mathbf{C}_{t+1}$	$\Delta \log \mathbf{Y}_{t+1}$	A_t			
0.408^{***}			OLS	0.166	
(0.006)					
0.998^{***}			IV	0.089	0.000
(0.026)					
	0.690^{***}		IV	0.080	0.000
	(0.014)				
		-0.0011^{***}	IV	0.080	0.000
		(0.0000)			
0.900^{***}	0.071	-0.0000	IV	0.089	
(0.112)	(0.051)	(0.0001)			
Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \mathbf{C}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2$ =0.089					

Notes: Reported statistics are for a single simulation of 20000 quarters. Stars indicate statistical significance at the 90%, 95%, and 99% levels, respectively. Instruments $\mathbf{Z}_t = \{\Delta \log \mathbf{C}_{t-1}, \Delta \log \mathbf{C}_{t-2}, \Delta \log \mathbf{Y}_{t-1}, \Delta \log \mathbf{Y}_{t-2}, A_{t-1}, A_{t-2}, \Delta_8 \log \mathbf{C}_{t-2}, \Delta_8 \log \mathbf{Y}_{t-2}\}$.

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
Sticky : $\Delta \log \mathbf{C}_{t+1}$					
$\Delta \log \mathbf{C}_{t+1}$	$\Delta \log \mathbf{Y}_{t+1}$	A_t			
0.895^{***}			OLS	0.801	
(0.003)					
0.875^{***}			IV	0.475	0.000
(0.004)					
	0.968^{***}		IV	0.412	0.000
	(0.013)				
		-0.0011^{***}	IV	0.210	0.000
		(0.0000)			
0.791^{***}	0.058^{***}	-0.0001^{***}	IV	0.478	
(0.010)	(0.016)	(0.0000)			
Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \mathbf{C}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2$ =0.478					
Sticky : $\Delta \log \widetilde{\mathbf{C}}_{t+1}$					
$\Delta \log \widetilde{\mathbf{C}}_{t+1}$	$\Delta \log \mathbf{Y}_{t+1}$	A_t			
0.589^{***}			OLS	0.347	
(0.005)					
0.875^{***}			IV	0.351	0.000
(0.009)					
	0.955^{***}		IV	0.312	0.000
	(0.014)				
		-0.0011^{***}	IV	0.163	0.000
		(0.0000)			
0.776^{***}	0.075^{**}	-0.0001^{***}	IV	0.354	
(0.024)	(0.038)	(0.0000)			
Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \widetilde{\mathbf{C}}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2$ =0.354					

Notes: Reported statistics are for a single simulation of 20000 quarters. Stars indicate statistical significance at the 90%, 95%, and 99% levels, respectively. Instruments $\mathbf{Z}_t = \{\Delta \log \mathbf{C}_{t-1}, \Delta \log \mathbf{C}_{t-2}, \Delta \log \mathbf{Y}_{t-1}, \Delta \log \mathbf{Y}_{t-2}, A_{t-1}, A_{t-2}, \Delta_8 \log \mathbf{C}_{t-2}, \Delta_8 \log \mathbf{Y}_{t-2}\}$.

Table 5: 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 : $\Delta \log \mathbf{C}_{t+1}$					
$\Delta \log \mathbf{C}_{t+1}$	$\Delta \log \mathbf{Y}_{t+1}$	A_t			
0.457^{***}			OLS	0.209	
(0.006)					
0.999^{***}			IV	0.201	0.000
(0.016)					
	0.778^{***}		IV	0.181	0.000
	(0.010)				
		-0.0006^{***}	IV	0.201	0.000
		(0.0000)			
0.642^{***}	0.075^{**}	-0.0002	IV	0.201	
(0.241)	(0.034)	(0.0001)			
Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \mathbf{C}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2$ =0.201					

Notes: Reported statistics are for a single simulation of 20000 quarters. Stars indicate statistical significance at the 90%, 95%, and 99% levels, respectively. Instruments $\mathbf{Z}_t = \{\Delta \log \mathbf{C}_{t-1}, \Delta \log \mathbf{C}_{t-2}, \Delta \log \mathbf{Y}_{t-1}, \Delta \log \mathbf{Y}_{t-2}, A_{t-1}, A_{t-2}, \Delta_8 \log \mathbf{C}_{t-2}, \Delta_8 \log \mathbf{Y}_{t-2}\}$.

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
Sticky : $\Delta \log \mathbf{C}_{t+1}$					
$\Delta \log \mathbf{C}_{t+1}$	$\Delta \log \mathbf{Y}_{t+1}$	A_t			
0.914^{***}			OLS	0.834	
(0.003)					
0.919^{***}			IV	0.617	0.000
(0.003)					
	0.937^{***}		IV	0.576	0.000
	(0.010)				
		-0.0006^{***}	IV	0.463	0.000
		(0.0000)			
0.799^{***}	0.009	-0.0001^{***}	IV	0.621	
(0.011)	(0.016)	(0.0000)			
Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \mathbf{C}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2$ =0.621					
Sticky : $\Delta \log \widetilde{\mathbf{C}}_{t+1}$					
$\Delta \log \widetilde{\mathbf{C}}_{t+1}$	$\Delta \log \mathbf{Y}_{t+1}$	A_t			
0.604^{***}			OLS	0.364	
(0.005)					
0.919^{***}			IV	0.466	0.000
(0.008)					
	0.930^{***}		IV	0.443	0.000
	(0.011)				
		-0.0006^{***}	IV	0.361	0.000
		(0.0000)			
0.773^{***}	0.032	-0.0001^{***}	IV	0.470	
(0.027)	(0.039)	(0.0000)			
Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \widetilde{\mathbf{C}}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2$ =0.470					

Notes: Reported statistics are for a single simulation of 20000 quarters. Stars indicate statistical significance at the 90%, 95%, and 99% levels, respectively. Instruments $\mathbf{Z}_t = \{\Delta \log \mathbf{C}_{t-1}, \Delta \log \mathbf{C}_{t-2}, \Delta \log \mathbf{Y}_{t-1}, \Delta \log \mathbf{Y}_{t-2}, A_{t-1}, A_{t-2}, \Delta_8 \log \mathbf{C}_{t-2}, \Delta_8 \log \mathbf{Y}_{t-2}\}$.