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)				
		−1.49e-4***	IV	0.004	0.000
		(0.16e-4)			
0.061	0.502***	−1.23e-4**	IV	0.005	
(0.340)	(0.151)	(0.56e-4)			
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 $\mathbf{Z}_t = \{\Delta \log \mathbf{C}_{t-2}, \Delta \log \mathbf{C}_{t-3}, \Delta \log \mathbf{Y}_{t-2}, \Delta \log \mathbf{Y}_{t-3}, A_{t-2}, A_{t-3}, \Delta_8 \log \mathbf{C}_{t-2}, \Delta_8 \log \mathbf{Y}_{t-2}\}$.

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)				
		−1.78e-4***	IV	0.335	0.000
		(0.02e-4)			
0.791***	0.007	−0.34e-4***	IV	0.492	
(0.011)	(0.014)	(0.02e-4)			
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)				
		−1.78e-4***	IV	0.261	0.000
		(0.02e-4)			
0.792***	−0.002	−0.35e-4***	IV	0.363	
(0.024)	(0.029)	(0.04e-4)			
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 $\mathbf{Z}_t = \{\Delta \log \mathbf{C}_{t-2}, \Delta \log \mathbf{C}_{t-3}, \Delta \log \mathbf{Y}_{t-2}, \Delta \log \mathbf{Y}_{t-3}, A_{t-2}, A_{t-3}, \Delta_8 \log \mathbf{C}_{t-2}, \Delta_8 \log \mathbf{Y}_{t-2}\}$.

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)				
		−11.00e-4***	IV	0.080	0.000
		(0.26e-4)			
0.900***	0.071	−0.11e-4	IV	0.089	
(0.112)	(0.051)	(0.93e-4)			
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 $\mathbf{Z}_t = \{\Delta \log \mathbf{C}_{t-2}, \Delta \log \mathbf{C}_{t-3}, \Delta \log \mathbf{Y}_{t-2}, \Delta \log \mathbf{Y}_{t-3}, A_{t-2}, A_{t-3}, \Delta_8 \log \mathbf{C}_{t-2}, \Delta_8 \log \mathbf{Y}_{t-2}\}$.

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)				
		−11.45e-4***	IV	0.210	0.000
		(0.16e-4)			
0.791***	0.058***	−1.33e-4***	IV	0.478	
(0.010)	(0.016)	(0.14e-4)			
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)					
	0.954***		IV	0.313	0.000
	(0.014)				
		−11.44e-4***	IV	0.163	0.000
		(0.18e-4)			
0.777***	0.074*	−1.29e-4***	IV	0.354	
(0.024)	(0.038)	(0.32e-4)			
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 $\mathbf{Z}_t = \{\Delta \log \mathbf{C}_{t-2}, \Delta \log \mathbf{C}_{t-3}, \Delta \log \mathbf{Y}_{t-2}, \Delta \log \mathbf{Y}_{t-3}, A_{t-2}, A_{t-3}, \Delta_8 \log \mathbf{C}_{t-2}, \Delta_8 \log \mathbf{Y}_{t-2}\}$.

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)				
		−5.64e-4***	IV	0.201	0.000
		(0.08e-4)			
0.642***	0.075**	−1.55e-4	IV	0.201	
(0.241)	(0.034)	(1.29e-4)			
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 $\mathbf{Z}_t = \{\Delta \log \mathbf{C}_{t-2}, \Delta \log \mathbf{C}_{t-3}, \Delta \log \mathbf{Y}_{t-2}, \Delta \log \mathbf{Y}_{t-3}, A_{t-2}, A_{t-3}, \Delta_8 \log \mathbf{C}_{t-2}, \Delta_8 \log \mathbf{Y}_{t-2}\}$.

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)				
		−5.91e-4***	IV	0.463	0.000
		(0.04e-4)			
0.799***	0.009	−1.03e-4***	IV	0.621	
(0.011)	(0.016)	(0.06e-4)			
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	0.444	0.000
	(0.011)				
		−5.90e-4***	IV	0.361	0.000
		(0.05e-4)			
0.773***	0.032	−1.03e-4***	IV	0.470	
(0.027)	(0.039)	(0.14e-4)			
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 $\mathbf{Z}_t = \{\Delta \log \mathbf{C}_{t-2}, \Delta \log \mathbf{C}_{t-3}, \Delta \log \mathbf{Y}_{t-2}, \Delta \log \mathbf{Y}_{t-3}, A_{t-2}, A_{t-3}, \Delta_8 \log \mathbf{C}_{t-2}, \Delta_8 \log \mathbf{Y}_{t-2}\}$.