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			
0.016			OLS	-0.000	
(0.070)					
0.238			IV	0.001	0.494
(0.425)					
	0.094		IV	0.025	0.519
	(0.233)				
		0.0001	IV	-0.000	0.000
		(0.0002)			
0.083	0.451•••	−0.0001	IV	0.019	
(0.317)	(0.175)	(0.0002)			
Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \mathbf{C}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2$ =0.000					

Notes: Reported statistics are the average values for 100 subsamples of 200 simulated quarters each. Bullets indicate that the average subsample coefficient divided by average subsample standard error is outside of the inner 90%, 95%, and 99% of the standard normal distribution. 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			
0.785•••			OLS	0.617	
(0.044)					
0.809•••			IV	0.291	0.000
(0.071)					
	0.617•••		IV	0.177	0.091
	(0.150)				
		−0.0001	IV	0.099	0.000
		(0.0000)			
0.715•••	0.093	0.0000	IV	0.291	
(0.109)	(0.138)	(0.0000)			
Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \mathbf{C}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2$ =0.284					
Sticky : $\Delta \log \widetilde{\mathbf{C}}_{t+1}$					
$\Delta \log \widetilde{\mathbf{C}}_{t+1}$	$\Delta \log \mathbf{Y}_{t+1}$	A_t			
0.397•••			OLS	0.167	
(0.064)					
0.772•••			IV	0.174	0.000
(0.144)					
	0.582•••		IV	0.115	0.094
	(0.171)				
		−0.0001	IV	0.069	0.000
		(0.0001)			
0.635•••	0.131	0.0000	IV	0.175	
(0.216)	(0.259)	(0.0001)			
Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \widetilde{\mathbf{C}}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2$ =0.176					

Notes: Reported statistics are the average values for 100 subsamples of 200 simulated quarters each. Bullets indicate that the average subsample coefficient divided by average subsample standard error is outside of the inner 90%, 95%, and 99% of the standard normal distribution. 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			
$0.358^{\bullet\bullet\bullet}$			OLS	0.129	
(0.064)					
$0.676^{\bullet\bullet}$			IV	0.045	0.236
(0.296)					
	$0.492^{\bullet\bullet}$		IV	0.039	0.071
	(0.207)				
		-0.0006	IV	0.030	0.000
		(0.0005)			
0.432	0.291	0.0001	IV	0.047	
(0.421)	(0.378)	(0.0009)			

Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \mathbf{C}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2 = 0.045$

Notes: Reported statistics are the average values for 100 subsamples of 200 simulated quarters each. Bullets indicate that the average subsample coefficient divided by average subsample standard error is outside of the inner 90%, 95%, and 99% of the standard normal distribution. 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			
$0.862^{\bullet\bullet\bullet}$			OLS	0.743	
(0.035)					
$0.826^{\bullet\bullet\bullet}$			IV	0.382	0.000
(0.050)					
	$0.882^{\bullet\bullet\bullet}$		IV	0.260	0.066
	(0.163)				
		$-0.0008^{\bullet\bullet}$	IV	0.090	0.000
		(0.0003)			
$0.728^{\bullet\bullet\bullet}$	0.148	0.0001	IV	0.382	
(0.077)	(0.119)	(0.0002)			
Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \mathbf{C}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2$ =0.373					
Sticky : $\Delta \log \widetilde{\mathbf{C}}_{t+1}$					
$\Delta \log \widetilde{\mathbf{C}}_{t+1}$	$\Delta \log \mathbf{Y}_{t+1}$	A_t			
$0.496^{\bullet\bullet\bullet}$			OLS	0.252	
(0.059)					
$0.797^{\bullet\bullet\bullet}$			IV	0.252	0.000
(0.108)					
	$0.839^{\bullet\bullet\bullet}$		IV	0.183	0.070
	(0.174)				
		$-0.0008^{\bullet\bullet}$	IV	0.065	0.000
		(0.0004)			
$0.656^{\bullet\bullet\bullet}$	0.213	0.0001	IV	0.254	
(0.185)	(0.289)	(0.0005)			
Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \widetilde{\mathbf{C}}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2$ =0.252					

Notes: Reported statistics are the average values for 100 subsamples of 200 simulated quarters each. Bullets indicate that the average subsample coefficient divided by average subsample standard error is outside of the inner 90%, 95%, and 99% of the standard normal distribution. 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			
$0.349^{\bullet\bullet\bullet}$			OLS	0.124	
(0.064)					
$0.685^{\bullet\bullet}$			IV	0.070	0.181
(0.272)					
	$0.508^{\bullet\bullet\bullet}$		IV	0.063	0.055
	(0.163)				
		$-0.0003^{\bullet\bullet}$	IV	0.066	0.000
		(0.0002)			
0.360	0.185	-0.0001	IV	0.075	
(0.445)	(0.342)	(0.0003)			
Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \mathbf{C}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2$ =0.074					

Notes: Reported statistics are the average values for 100 subsamples of 200 simulated quarters each. Bullets indicate that the average subsample coefficient divided by average subsample standard error is outside of the inner 90%, 95%, and 99% of the standard normal distribution. 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			
$0.859^{\bullet\bullet\bullet}$			OLS	0.738	
(0.036)					
$0.841^{\bullet\bullet\bullet}$			IV	0.430	0.000
(0.048)					
	$0.809^{\bullet\bullet\bullet}$		IV	0.313	0.052
	(0.137)				
		$-0.0004^{\bullet\bullet\bullet}$	IV	0.193	0.000
		(0.0001)			
$0.734^{\bullet\bullet\bullet}$	0.097	-0.0000	IV	0.431	
(0.088)	(0.120)	(0.0001)			
Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \mathbf{C}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2$ =0.423					
Sticky : $\Delta \log \widetilde{\mathbf{C}}_{t+1}$					
$\Delta \log \widetilde{\mathbf{C}}_{t+1}$	$\Delta \log \mathbf{Y}_{t+1}$	A_t			
$0.437^{\bullet\bullet\bullet}$			OLS	0.198	
(0.061)					
$0.808^{\bullet\bullet\bullet}$			IV	0.270	0.000
(0.113)					
	$0.778^{\bullet\bullet\bullet}$		IV	0.212	0.052
	(0.150)				
		$-0.0004^{\bullet\bullet\bullet}$	IV	0.136	0.000
		(0.0001)			
$0.641^{\bullet\bullet\bullet}$	0.160	-0.0000	IV	0.274	
(0.210)	(0.288)	(0.0002)			
Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \widetilde{\mathbf{C}}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2$ =0.273					

Notes: Reported statistics are the average values for 100 subsamples of 200 simulated quarters each. Bullets indicate that the average subsample coefficient divided by average subsample standard error is outside of the inner 90%, 95%, and 99% of the standard normal distribution. Instruments $\mathbf{Z}_t = \{\Delta \log \mathbf{C}_{t-1}, \Delta \log \mathbf{C}_{t-2}, \Delta \log \mathbf{Y}_{t-1}, \Delta \log \mathbf{Y}_{t-2}, A_{t-1}, A_{t-2}, \Delta_8 \log \mathbf{C}_{t-2}, \Delta_8 \log \mathbf{Y}_{t-2}\}$.