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)					
	0.426		IV	0.016	0.135
	(0.242)				
		0.0001	IV	-0.000	0.510
		(0.0002)			
0.044	0.420	-0.0000	IV	0.009	0.307
(0.587)	(0.315)	(0.0003)			
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	0.004
(0.140)					
	0.093		IV	0.013	0.348
	(0.130)				
		-0.0003	IV	0.042	0.074
		(0.0001)			
0.671	0.117	-0.0000	IV	0.120	0.012
(0.190)	(0.150)	(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 92 of 100 subintervals.

Horserace coefficient on $\mathbb{E}[\Delta \log \mathbf{Y}_{t+1}]$ significant at 95% level for 20 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)					
	0.333		IV	0.016	0.333
	(0.375)				
		-0.0000	IV	0.015	0.331
		(0.0001)			
-0.021	0.137	0.0000	IV	0.016	0.377
(0.684)	(0.646)	(0.0002)			
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	0.021
(0.156)					
	0.639		IV	0.094	0.056
	(0.185)				
		-0.0001	IV	0.056	0.188
		(0.0001)			
0.510	0.208	0.0000	IV	0.121	0.021
(0.266)	(0.341)	(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 55 of 100 subintervals.

Horserace coefficient on $\mathbb{E}[\Delta \log \mathbf{Y}_{t+1}]$ significant at 95% level for 15 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			
0.005			OLS	-0.001	0.558
(0.070)					
	0.332		IV	0.013	0.224
	(0.222)				
		0.0002	IV	0.000	0.460
		(0.0038)			
-0.145	0.295	0.0001	IV	0.009	0.349
(0.575)	(0.263)	(0.0046)			
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			
0.571			OLS	0.328	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			
0.206			OLS	0.046	0.067
(0.066)					
0.661			IV	0.120	0.005
(0.131)					
	0.154		IV	0.015	0.319
	(0.136)				
		-0.0196	IV	0.080	0.058
		(0.0049)			
0.635	0.139	-0.0032	IV	0.126	0.005
(0.224)	(0.158)	(0.0084)			
Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \widetilde{\mathbf{C}}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2 = 0.132$					

Horserace coefficient on $\Delta \log \widetilde{\mathbf{C}}_t$ significant at 95% level for 76 of 95 subintervals.

Horserace coefficient on $\mathbb{E}[\Delta \log \mathbf{Y}_{t+1}]$ significant at 95% level for 19 of 95 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)					
	0.393		IV	0.031	0.209
	(0.227)				
		-0.0006	IV	0.029	0.230
		(0.0005)			
-0.060	0.250	-0.0003	IV	0.033	0.232
(0.232)	(0.479)	(0.0009)			
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)					
0.780			IV	0.224	0.000
(0.103)					
	0.990		IV	0.188	0.001
	(0.154)				
		-0.0009	IV	0.058	0.155
		(0.0004)			
0.597	0.277	0.0001	IV	0.229	0.000
(0.229)	(0.397)	(0.0006)			
Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \widetilde{\mathbf{C}}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2 = 0.232$					

Horserace coefficient on $\Delta \log \widetilde{\mathbf{C}}_t$ significant at 95% level for 72 of 100 subintervals.

Horserace coefficient on $\mathbb{E}[\Delta \log \mathbf{Y}_{t+1}]$ significant at 95% level for 18 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			
0.025			OLS	-0.000	0.524
(0.070)					
	0.287		IV	0.015	0.208
	(0.170)				
		-0.0002	IV	0.008	0.436
		(0.0004)			
0.035	0.279	-0.0003	IV	0.014	0.341
(0.540)	(0.190)	(0.0005)			
Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \mathbf{C}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2 = 0.008$					
Sticky : $\Delta \log \mathbf{C}_{t+1}$					
$\Delta \log \mathbf{C}_t$	$\Delta \log \mathbf{Y}_{t+1}$	A_t			
0.532			OLS	0.286	0.000
(0.057)					
Sticky : $\Delta \log \widetilde{\mathbf{C}}_{t+1}$					
$\Delta \log \widetilde{\mathbf{C}}_t$	$\Delta \log \mathbf{Y}_{t+1}$	A_t			
0.189			OLS	0.039	0.108
(0.066)					
0.350			IV	0.051	0.036
(0.114)					
	0.111		IV	0.007	0.365
	(0.140)				
		-0.0007	IV	0.030	0.097
		(0.0003)			
0.315	0.073	-0.0002	IV	0.056	0.043
(0.153)	(0.163)	(0.0004)			
Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \widetilde{\mathbf{C}}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2 = 0.056$					

Horserace coefficient on $\Delta \log \widetilde{\mathbf{C}}_t$ significant at 95% level for 11 of 20 subintervals.

Horserace coefficient on $\mathbb{E}[\Delta \log \mathbf{Y}_{t+1}]$ significant at 95% level for 1 of 20 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			
0.378			OLS	0.148	0.000
(0.063)					
	0.530		IV	0.087	0.121
	(0.181)				
		-0.0004	IV	0.091	0.101
		(0.0001)			
-0.051	0.210	-0.0003	IV	0.095	0.131
(0.154)	(0.473)	(0.0003)			
Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \mathbf{C}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2 = 0.098$					
Sticky : $\Delta \log \mathbf{C}_{t+1}$					
$\Delta \log \mathbf{C}_t$	$\Delta \log \mathbf{Y}_{t+1}$	A_t			
0.788			OLS	0.623	0.000
(0.043)					
Sticky : $\Delta \log \widetilde{\mathbf{C}}_{t+1}$					
$\Delta \log \widetilde{\mathbf{C}}_t$	$\Delta \log \mathbf{Y}_{t+1}$	A_t			
0.225			OLS	0.061	0.114
(0.064)					
0.698			IV	0.220	0.000
(0.098)					
	0.922		IV	0.203	0.000
	(0.148)				
		-0.0005	IV	0.140	0.053
		(0.0001)			
0.435	0.259	-0.0001	IV	0.233	0.000
(0.221)	(0.405)	(0.0002)			
Memo: For instruments $\mathbf{Z}_t$, $\Delta \log \widetilde{\mathbf{C}}_{t+1} = \mathbf{Z}_t \zeta$, $\bar{R}^2 = 0.235$					

Horserace coefficient on $\Delta \log \widetilde{\mathbf{C}}_t$ significant at 95% level for 14 of 20 subintervals.

Horserace coefficient on $\mathbb{E}[\Delta \log \mathbf{Y}_{t+1}]$ significant at 95% level for 1 of 20 subintervals.