

Menu Cost Models

Raman Singh Chhina
University of Chicago

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Chapter A

Golosov and Lucas Jr (2007) with aggregate volatility

A.1 Results

A.1.1 Impulse Resonse Function

On doubling the menu cost from 0.045 to 0.09 the variance of output increase by 3.038 times. Output IRF on impact is 98.5 percent.

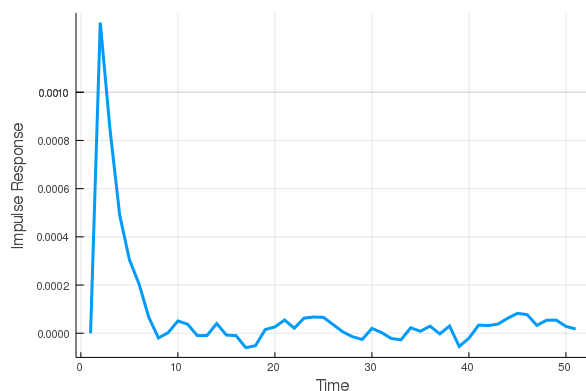


Figure A.1.1: IRF till 50 periods after the shock

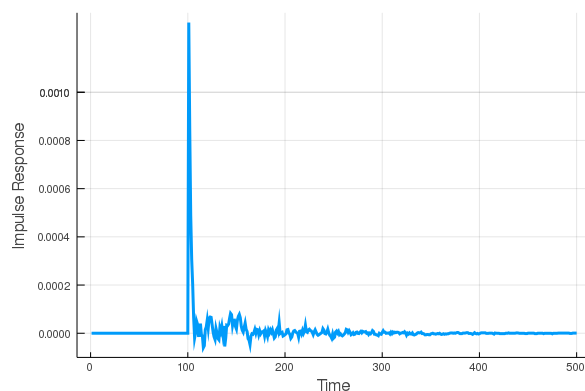


Figure A.1.2: IRF for the entire simulation

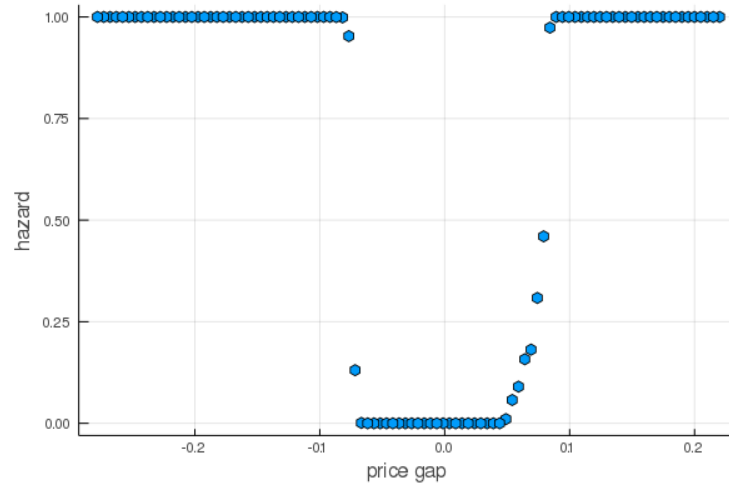


Figure A.1.3: Hazard

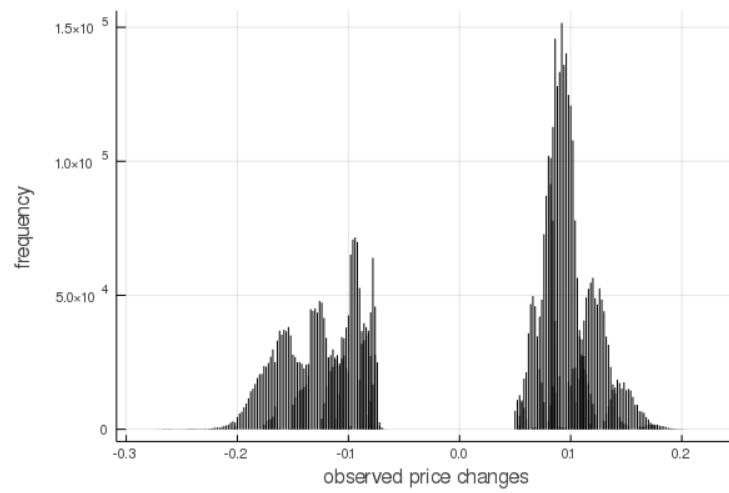


Figure A.1.4: Observed Price Changes

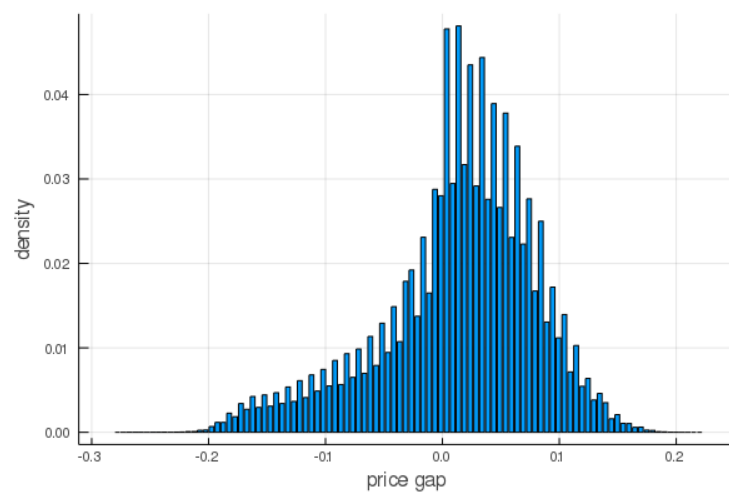


Figure A.1.5: Price Gap Distribution

Chapter B

Feedback

Bibliography

Golosov, Mikhail, and Robert E Lucas Jr. 2007. “Menu costs and Phillips curves.” *Journal of Political Economy*, 115(2): 171–199.