

Collection of figures for draft - for purposes of having a unified visual identity

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Figure 1: Market-based inflation expectations, 10 year, average, %

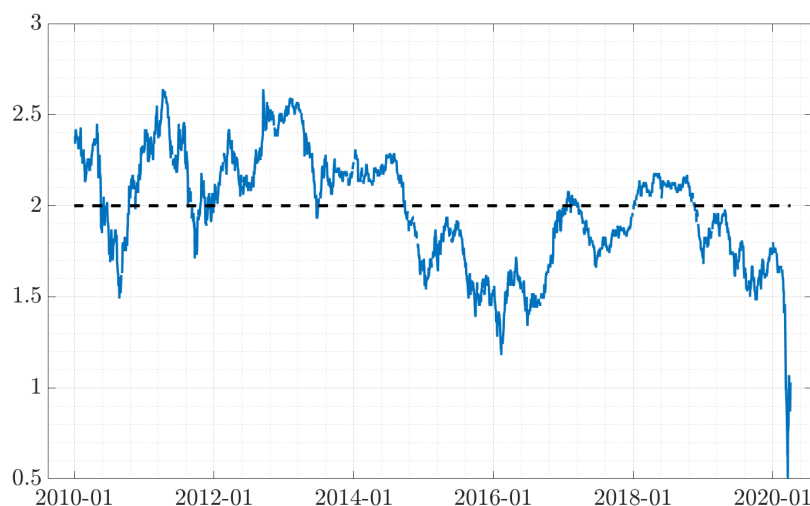


Figure 2: Comparative statics: policy in function of the endogenous states

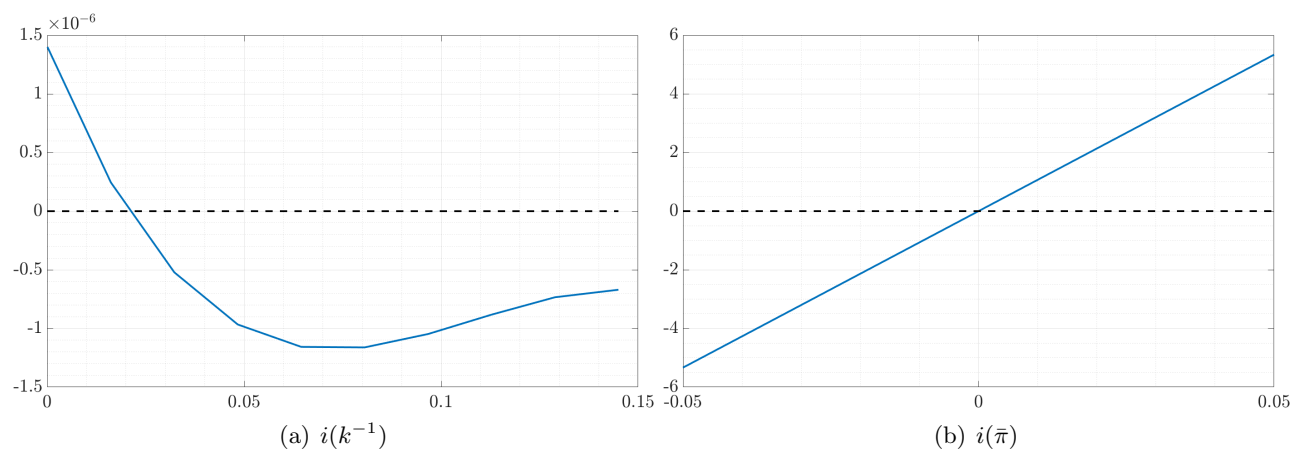
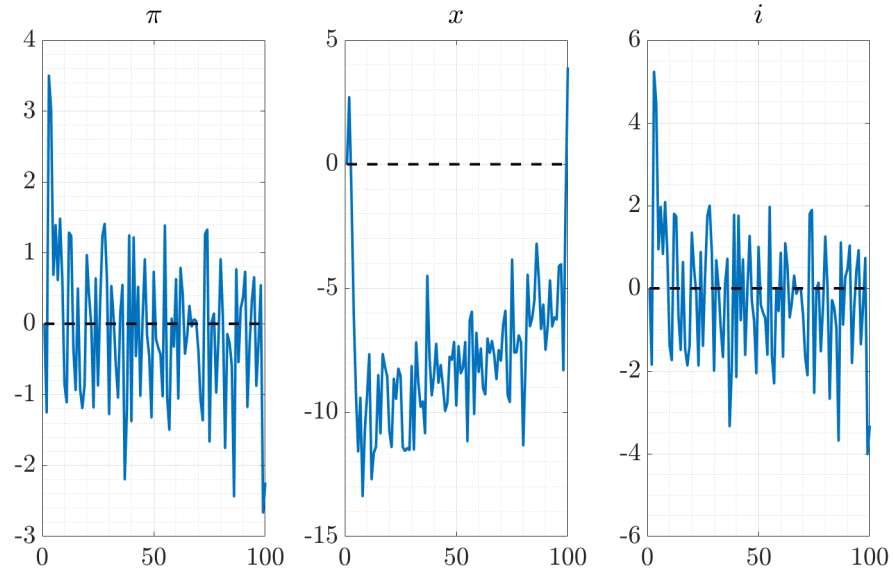
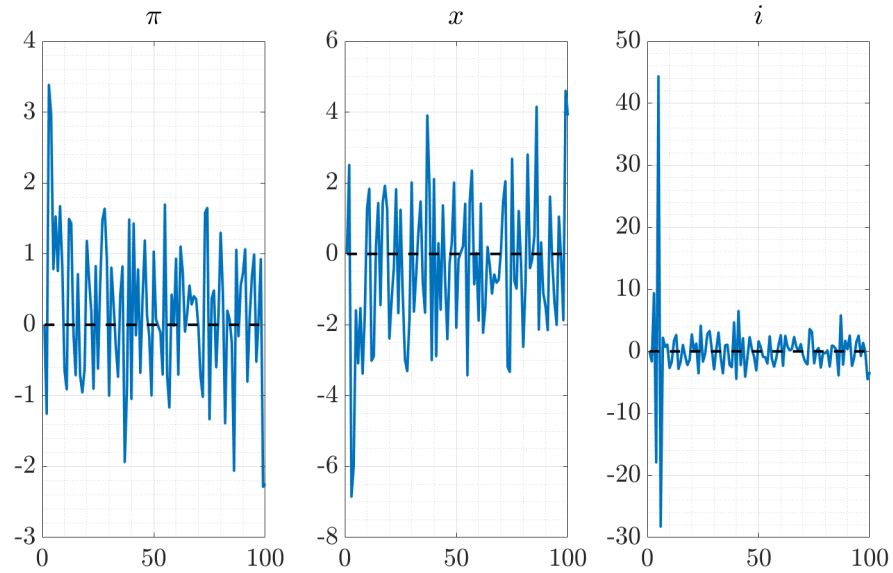


Figure 3



(a) Simulation using a Taylor rule



(b) Simulation using optimal policy

Figure 4: Central bank loss function as a function of ψ_π

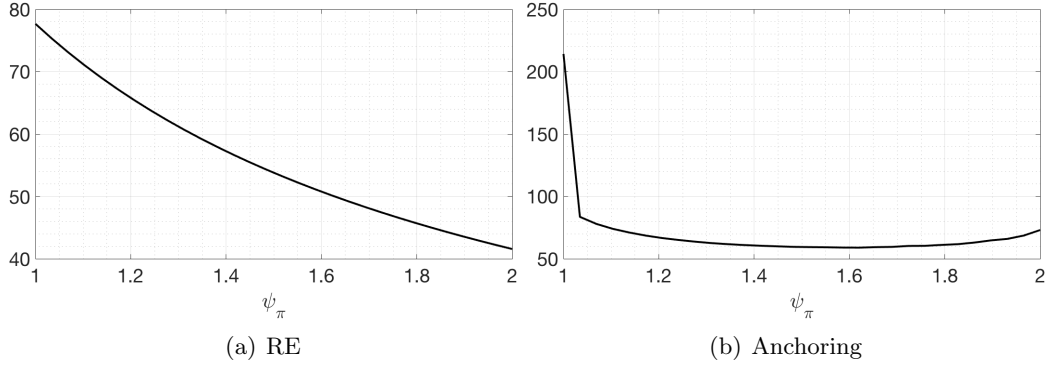
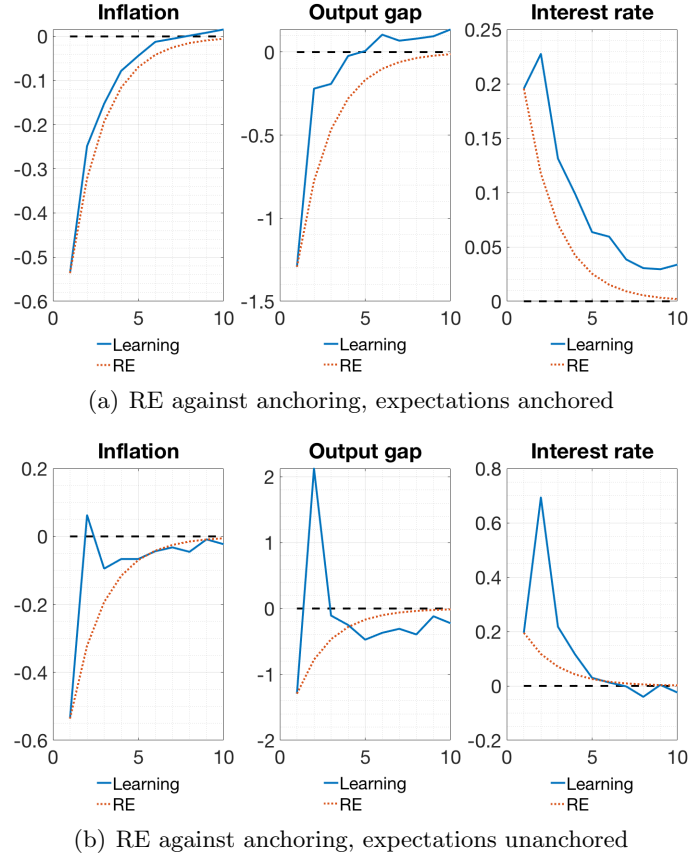


Figure 5: Impulse responses after a contractionary monetary policy shock



Shock imposed at $t = 25$ of a sample length of $T = 400$ (with 100 initial burn-in periods), cross-sectional average with a cross-section size of $N = 100$. For the rest of the section, I keep these simulation values unless otherwise stated. For the anchoring model, the remark refers to whether expectations are anchored at the time the shock hits.

Figure 6: Cross-sectional average gains for various values of ψ_π

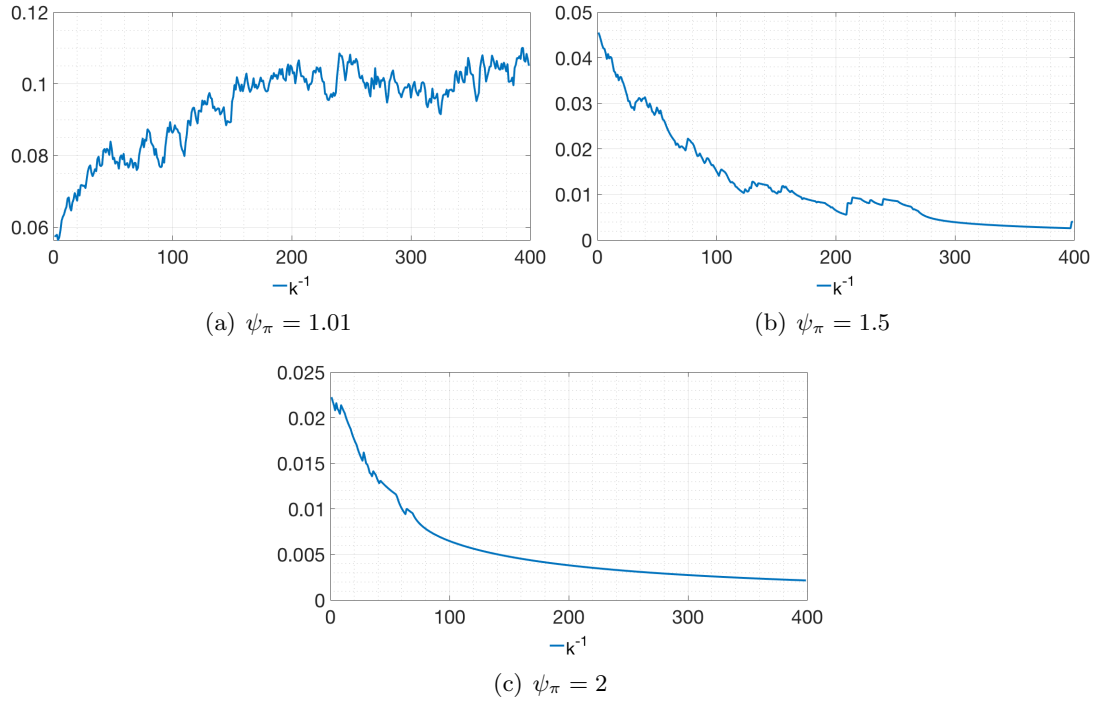


Figure 7: Impulse responses for unanchored expectations for various values of ψ_π

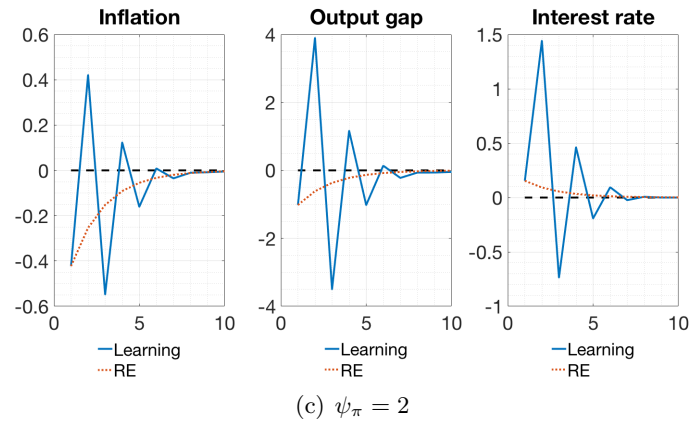
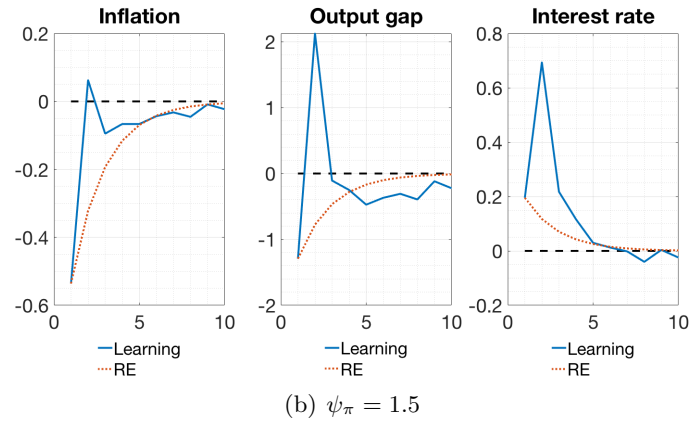
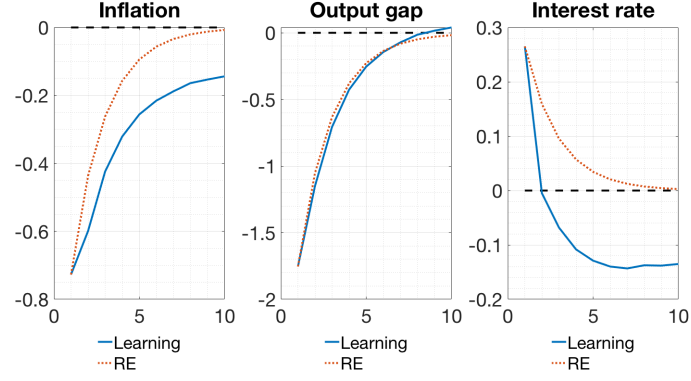


Figure 8: Policy function for two particular histories of states, X^{PEA} 