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, %

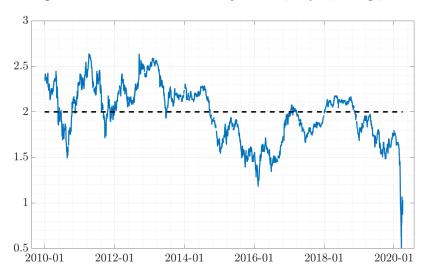
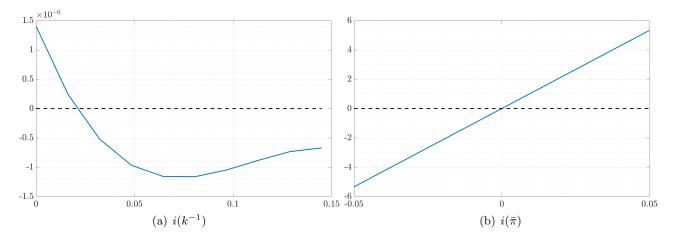
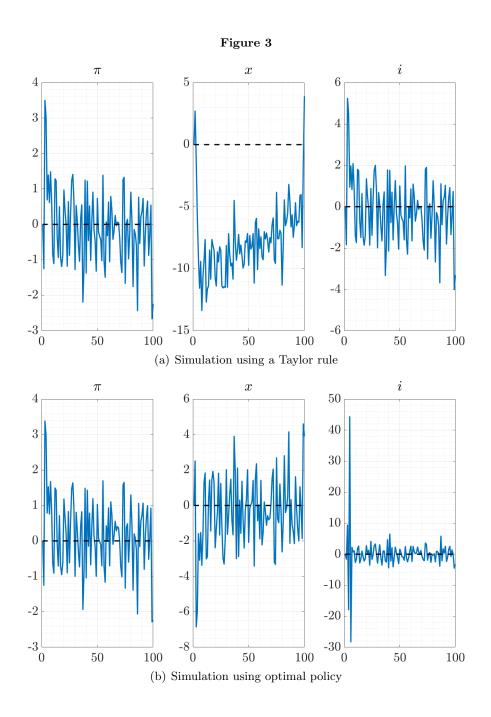


Figure 2: Comparative statics: policy in function of the endogenous states

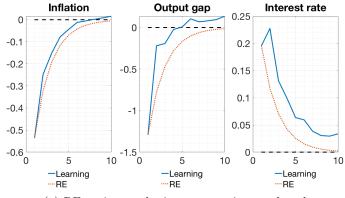




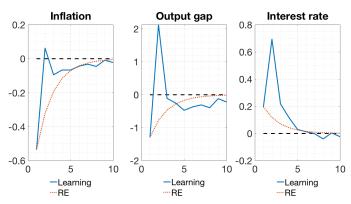
80 250 70 200 60 150 50 100 50 40 1.2 1.4 1.6 1.8 1.2 1.4 1.6 1.8 ψ_{π} ψ_{π} (a) RE (b) Anchoring

Figure 4: Central bank loss function as a function of ψ_{π}

Figure 5: Impulse responses after a contractionary monetary policy shock



(a) RE against anchoring, expectations anchored



(b) RE against anchoring, expectations unanchored

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.

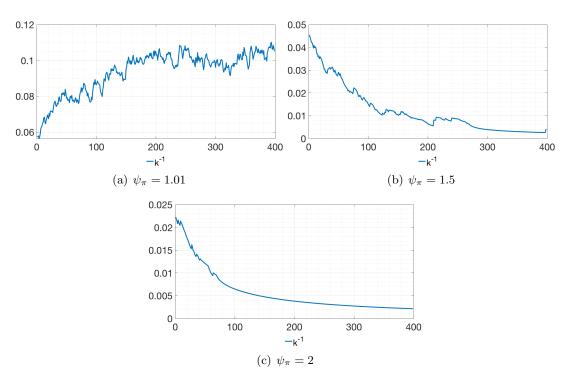


Figure 6: Cross-sectional average gains for various values of ψ_{π}

Inflation **Output** gap Interest rate 0.2 -0.2 -0.5 0.1 -0.4 0 -0.6 -1.5 -0.1 -0.8 -2 0 -0.2 0 5 10 5 10 5 10 -Learning
---RE -Learning -Learning ····RE ····RE (a) $\psi_{\pi} = 1.01$ Inflation Output gap Interest rate 8.0 0.2 2 0.6 0 0.4 -0.2 0 0.2 -0.4 0 -0.6 -0.2 -2 0 5 10 5 10 5 10 -Learning
---RE -Learning ---RE -Learning ---RE (b) $\psi_{\pi} = 1.5$ Inflation Output gap Interest rate 0.6 0.4 2 0.2 0.5 0 0 0 -0.2 -0.5 -0.4 -1 ^L -0.6 0 -4 0 5 10 5 10 -Learning
---RE -Learning ----RE -Learning ····RE (c) $\psi_{\pi} = 2$

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}

