Table 1 Typical Micro Consumption Estimation on Simulated Data

$$\Delta \log \mathbf{c}_{t+1,i} \;\; = \;\; \varsigma + \chi \Delta \log \mathbf{c}_{t,i} + \eta \mathbb{E}_{t,i}[\Delta \log \mathbf{y}_{t+1,i}] + \alpha \underline{a}_{t,i}$$

Model of Expectations	χ	η	α	$\bar{R}^2$	nobs
Frictionless					
	0.083			0.007	76020
	(0.077)				
		0.003		-0.000	76020
		(0.004)			
			−0.111	0.000	76020
			(0.052)		
	0.083	0.009	−0.059	0.007	76020
	(0.004)	(0.004)	(0.024)		
Sticky					
	0.084			0.007	76020
	(0.077)				
		0.003		-0.000	76020
		(0.004)			
			−0.111	0.000	76020
			(0.051)		
	0.083	0.009	−0.059	0.007	76020
	(0.004)	(0.004)	(0.024)		

Notes: $\mathbf{E}_{t,i}$ is the expectation from the perspective of person i in period t; $\underline{a}$ is a dummy variable indicating that agent i is in the top 99 percent of the a distribution. Heteroskedasticity-robust standard errors are in parentheses. Standard tests detect no serial correlation in the residuals. Sample is restricted to households with positive income in period t.