Monetary Policy and Defaults in the US
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APPENDIX

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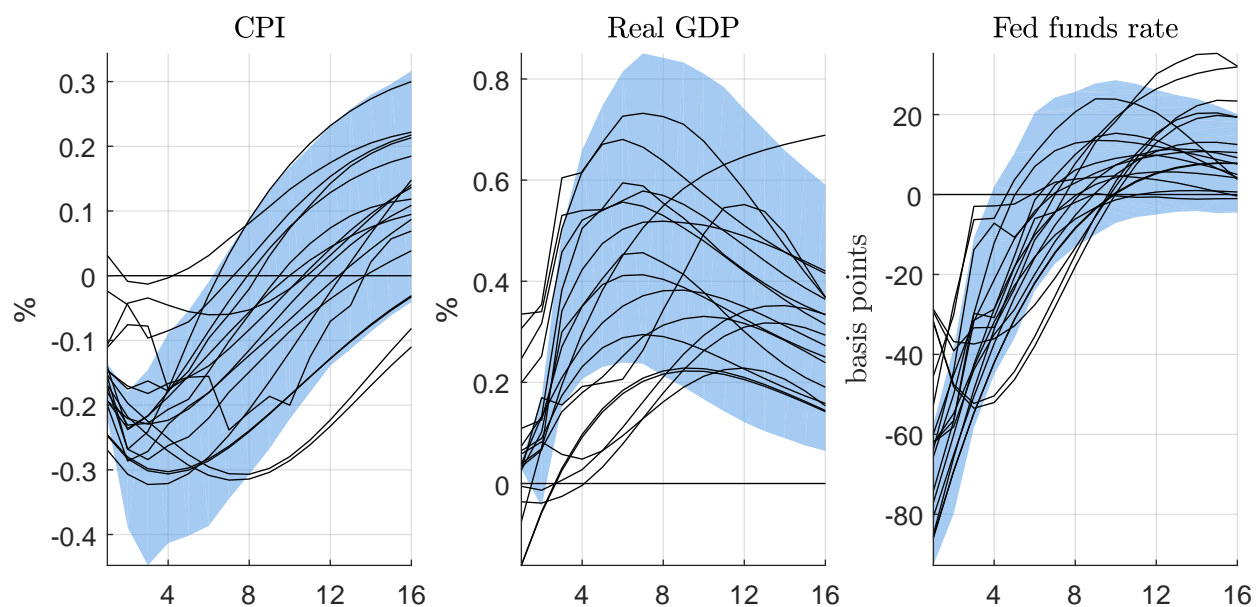[*]DIW Berlin, Moherenstrasse 58, 10117, Berlin, Germany. Email: m.b.piffer@gmail.com. Telephone: +49 (0)30 89789 454. Personal web page: https://sites.google.com/site/michelepiffereconomics/.

Table A.1: Dickey-Fuller tests on nonstationarity

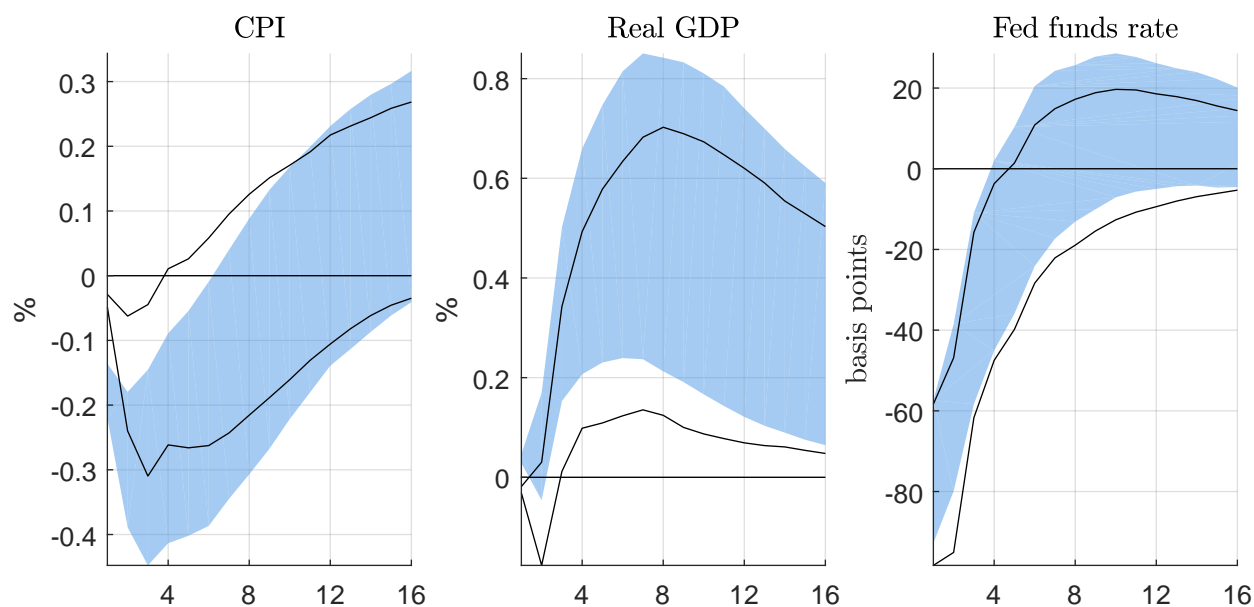|	*DF test 1* *no constant, no trend*	*DF test 2* *constant, no trend*	*DF test 3* *constant, trend*
log(CPI)	12.80	-6.99	-7.80
log(Real GDP)	9.79	-0.90	-0.54
Fed funds	-1.50	-1.37	-2.61
	DF test 1 *no constant, no trend*	*DF test 2* *constant, no trend*	*DF test 3* *constant, trend*
Δ *log(CPI)*	-3.31	-4.77	-5.68
Δ *log(Real GDP)*	-4.49	-6.56	-6.60
Δ *Fed funds*	-9.59	-9.70	-9.70
Critical value, 5%	-1.95	-2.89	-3.45
Critical value, 1%	-2.6	-3.51	-4.04

Notes: The table shows the Dickey-Fuller statistics for the test on the nonstationarity of the variables in the initial VAR. The top part of the table considers the variables as they enter the main specification of the VAR, while the lower part of the table shows the specification in first differences discussed in Section 2.5. The tests reported indicate tests when no constant nor trend is included in the regression, when a constant but no trend is included in the regression, and when a constant and a trend are included in the regression. The table indicates critical values valid for a sample of size $T = 100$, which is the tabulated sample size closest to the sample size in the analysis.

Figure A.1: Impulse responses of the variables in the initial VAR (robustness check, adding the marginal variables)
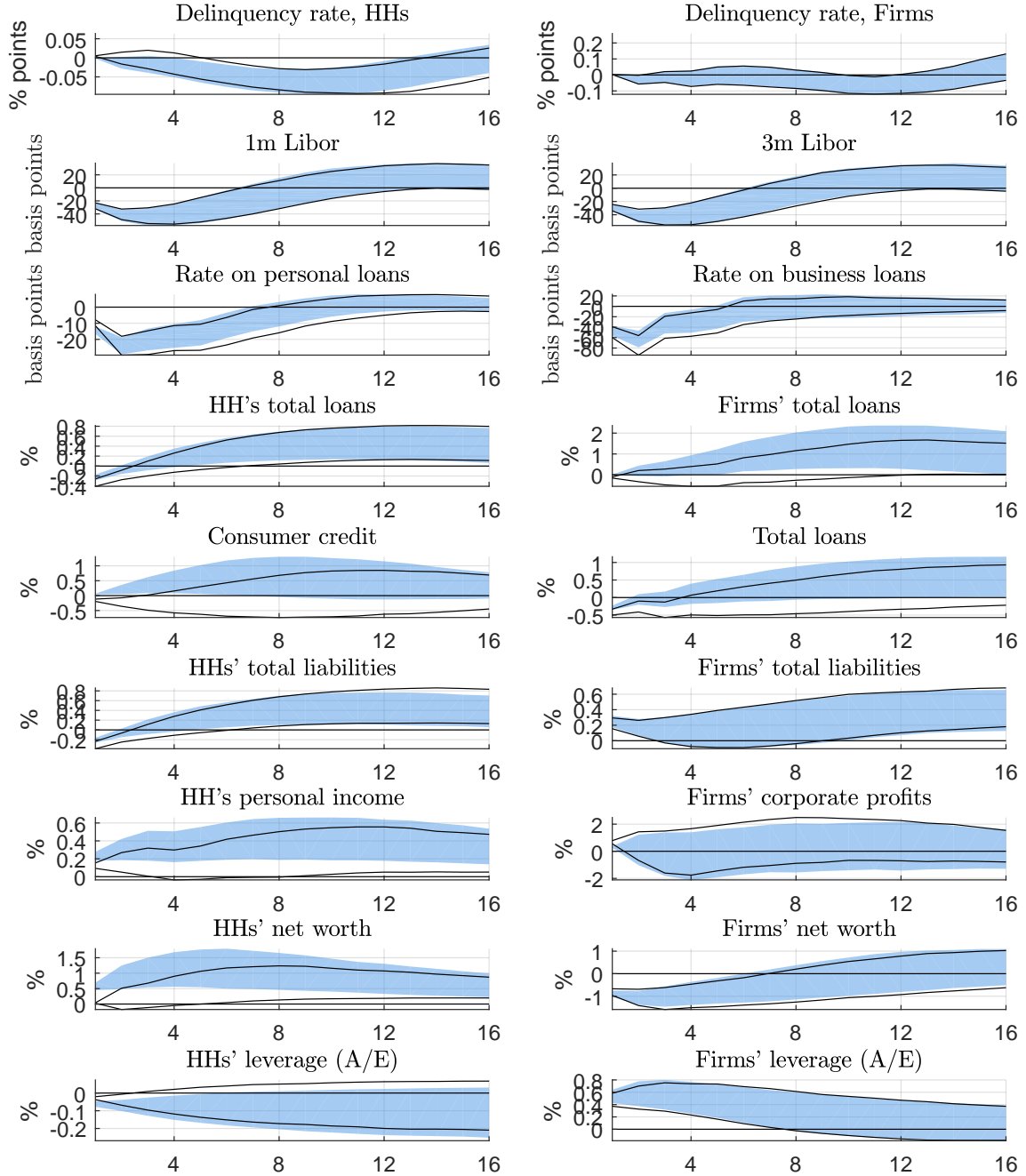

Notes: Pointwise 95% confidence band under the baseline specification (shaded area) and point estimates under each of the additional VARs (thin lines).

Figure A.2: Impulse responses of the variables in the initial VAR (robustness check, aggregating the monetary shocks as in Gertler and Karadi, 2015)
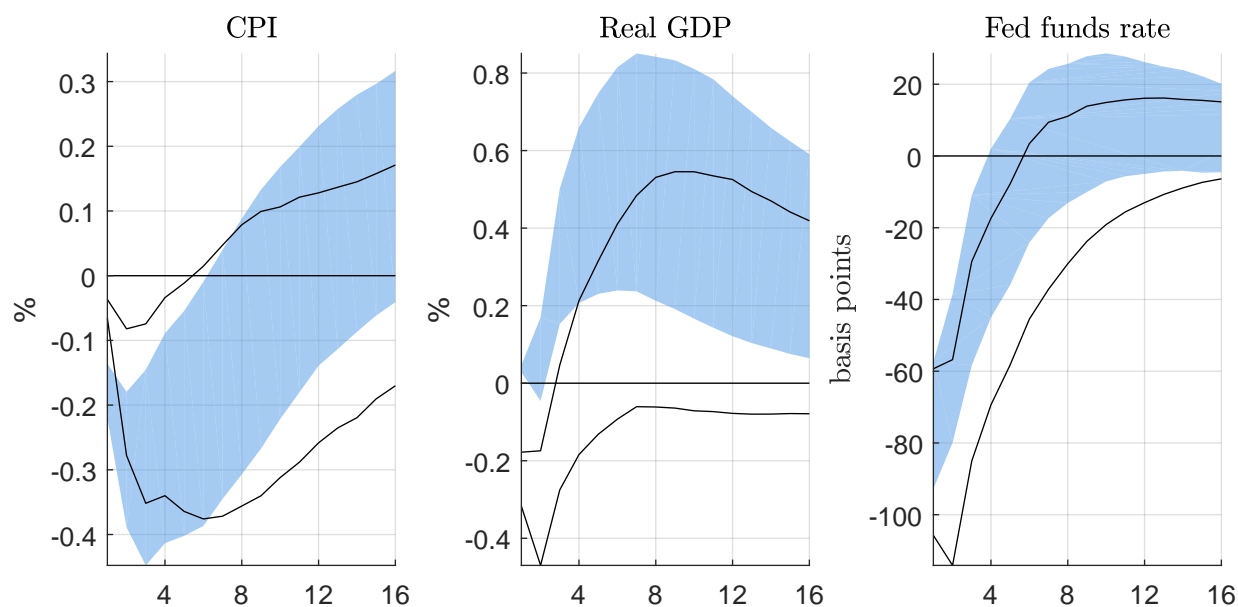

Notes: Pointwise 95% confidence band under the baseline specification (shaded area) and under the robustness check (thin lines).

Figure A.3: Impulse responses of the additional variables (robustness check, aggregating the monetary shocks as in Gertler and Karadi, 2015)
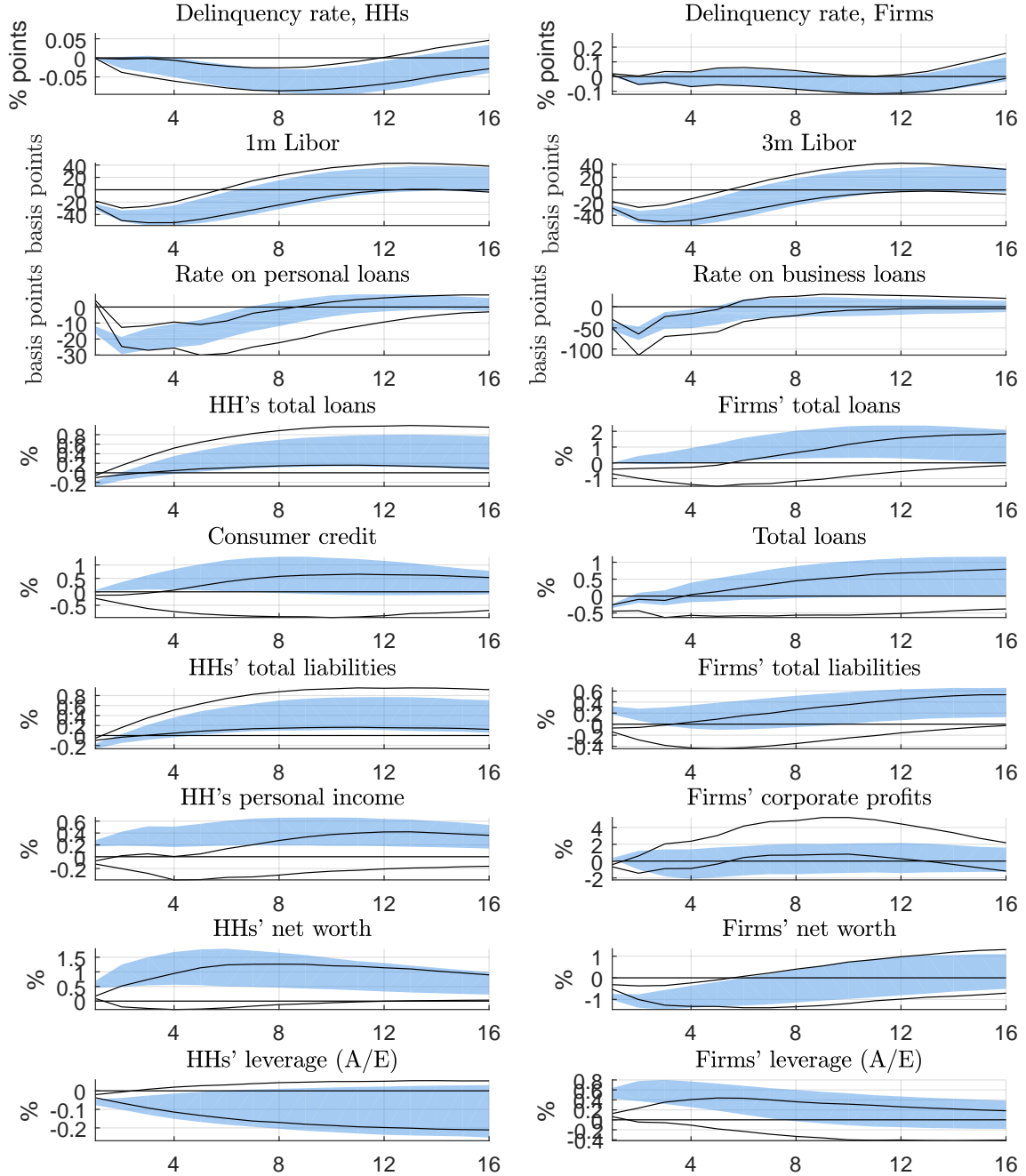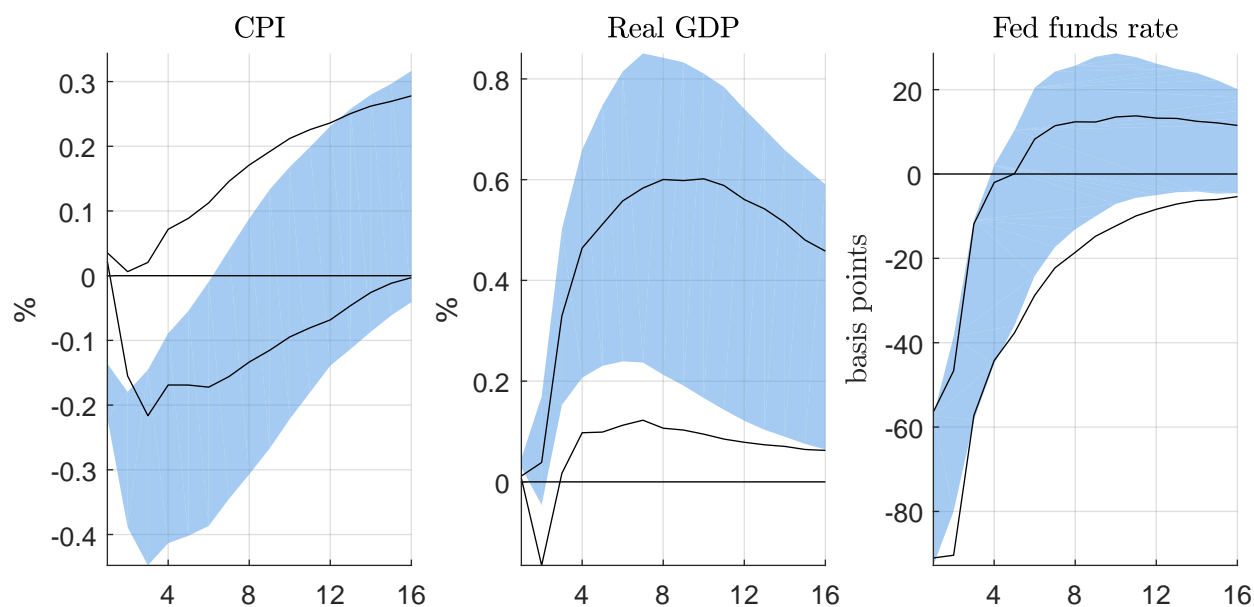

Notes: Pointwise 95% confidence band under the baseline specification (shaded area) and under the robustness check (thin lines).

Figure A.4: Impulse responses of the variables in the initial VAR (robustness check, using only the Romer shocks by Romer and Romer, 2004)

Notes: Pointwise 95% confidence band under the baseline specification (shaded area) and under the robustness check (thin lines).

Figure A.5: Impulse responses of the additional variables (robustness check, using only the Romer shocks by Romer and Romer, 2004)

Notes: Pointwise 95% confidence band under the baseline specification (shaded area) and under the robustness check (thin lines).
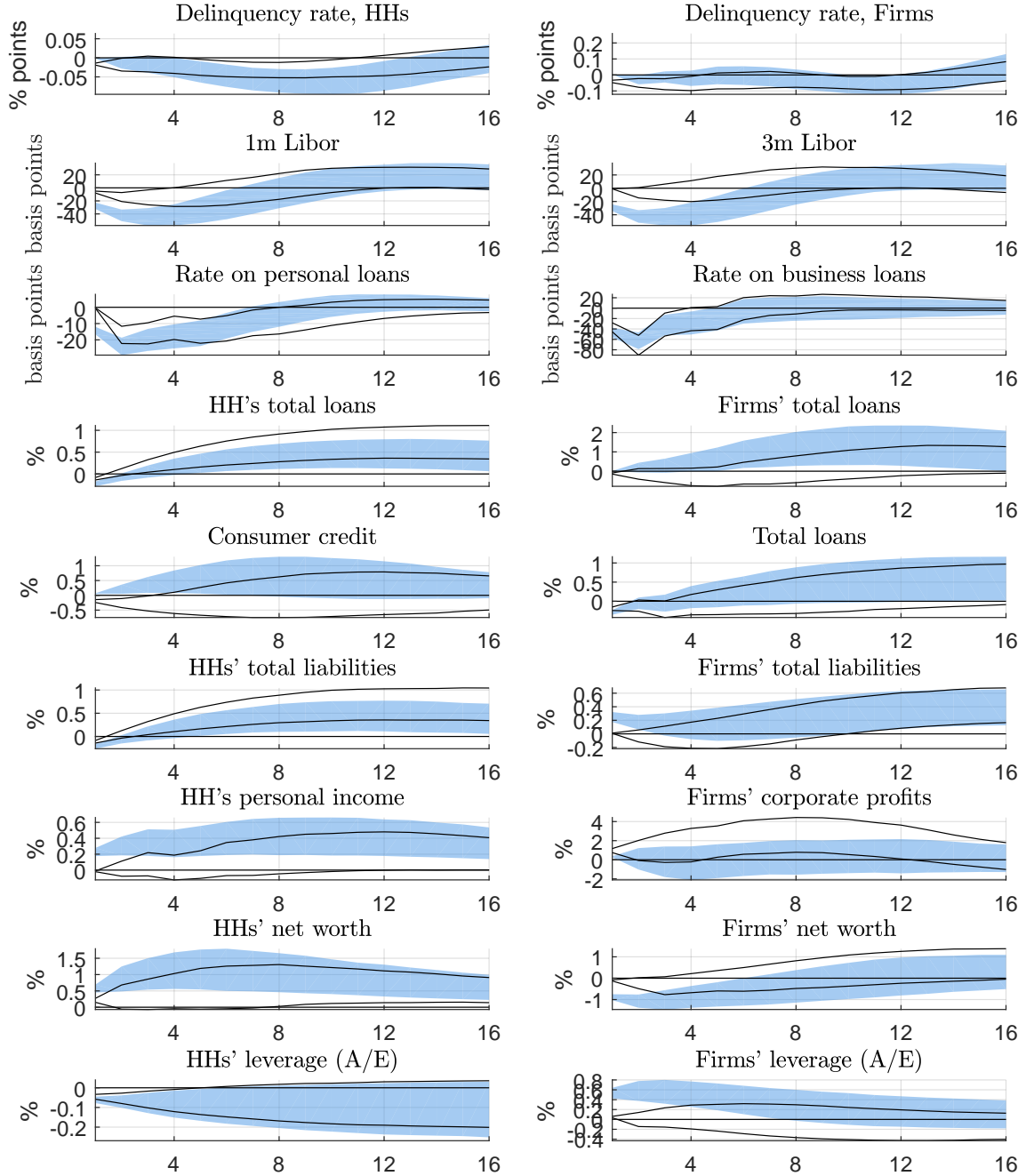
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Figure A.6: Impulse responses of the variables in the initial VAR (robustness check, using only the shocks from the large VAR by Bańbura et al., 2010)

Notes: Pointwise 95% confidence band under the baseline specification (shaded area) and under the robustness check (thin lines).
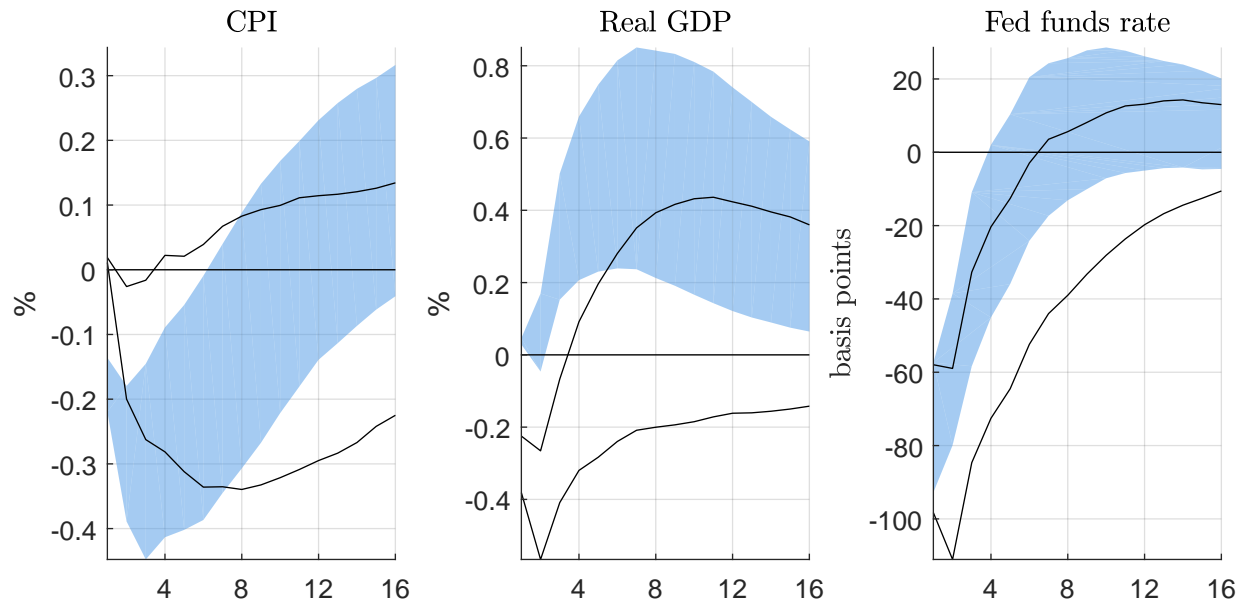
Figure A.7: Impulse responses of the additional variables (robustness check, using only shocks from the large VAR by Bańbura et al., 2010)
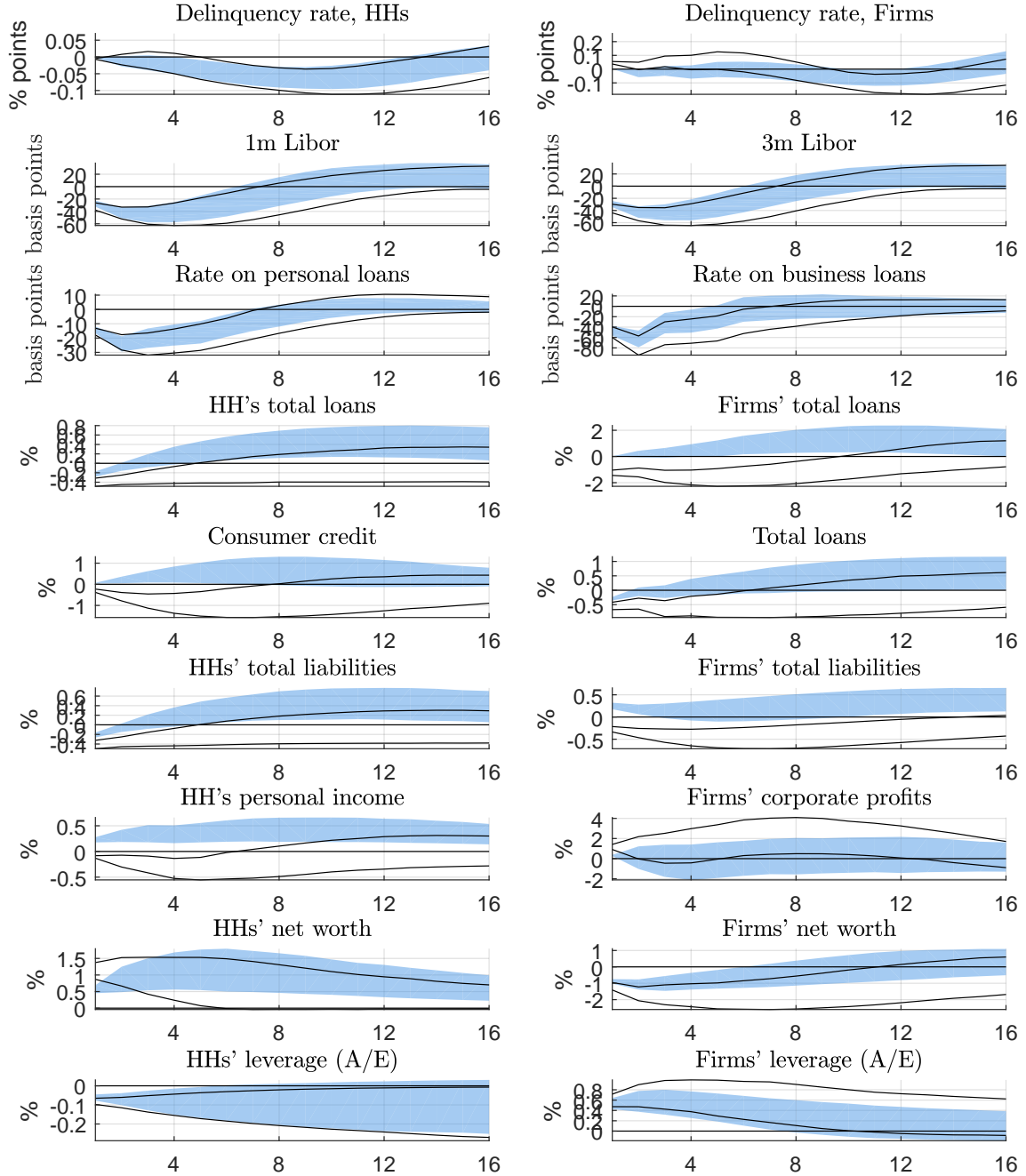

Notes: Pointwise 95% confidence band under the baseline specification (shaded area) and under the robustness check (thin lines).

Figure A.8: Impulse responses of the variables in the initial VAR (robustness check, using only the shocks from the fed funds futures by Gertler and Karadi, 2015)
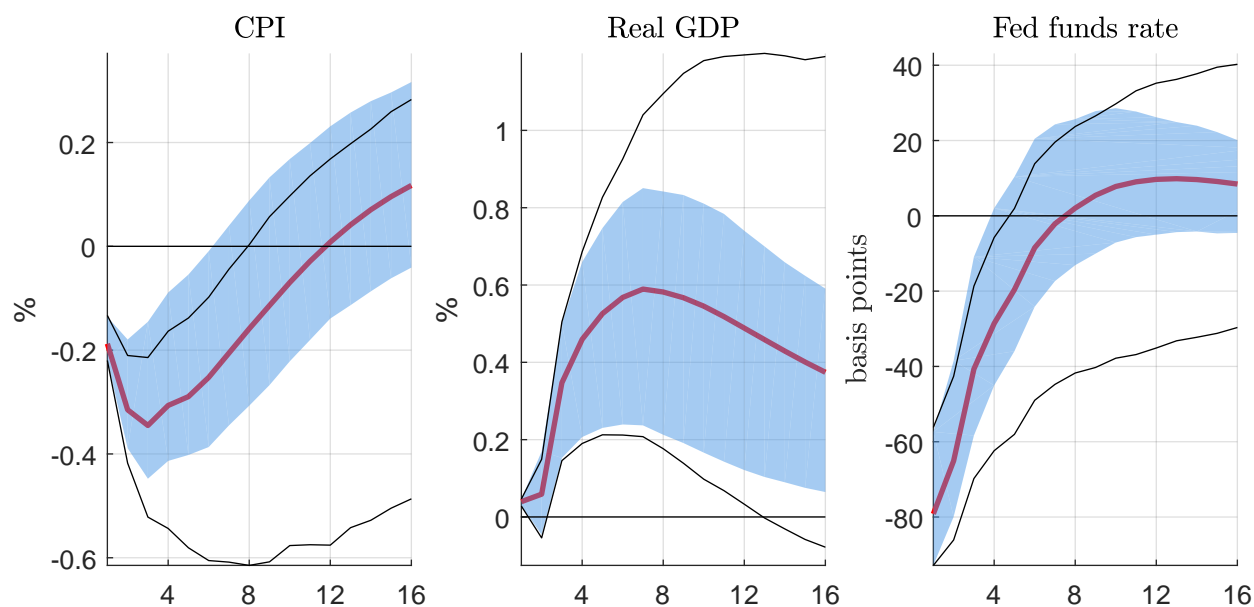

Notes: Pointwise 95% confidence band under the baseline specification (shaded area) and under the robustness check (thin lines).

Figure A.9: Impulse responses of the additional variables (robustness check, using only shocks from the fed funds futures by Gertler and Karadi, 2015)
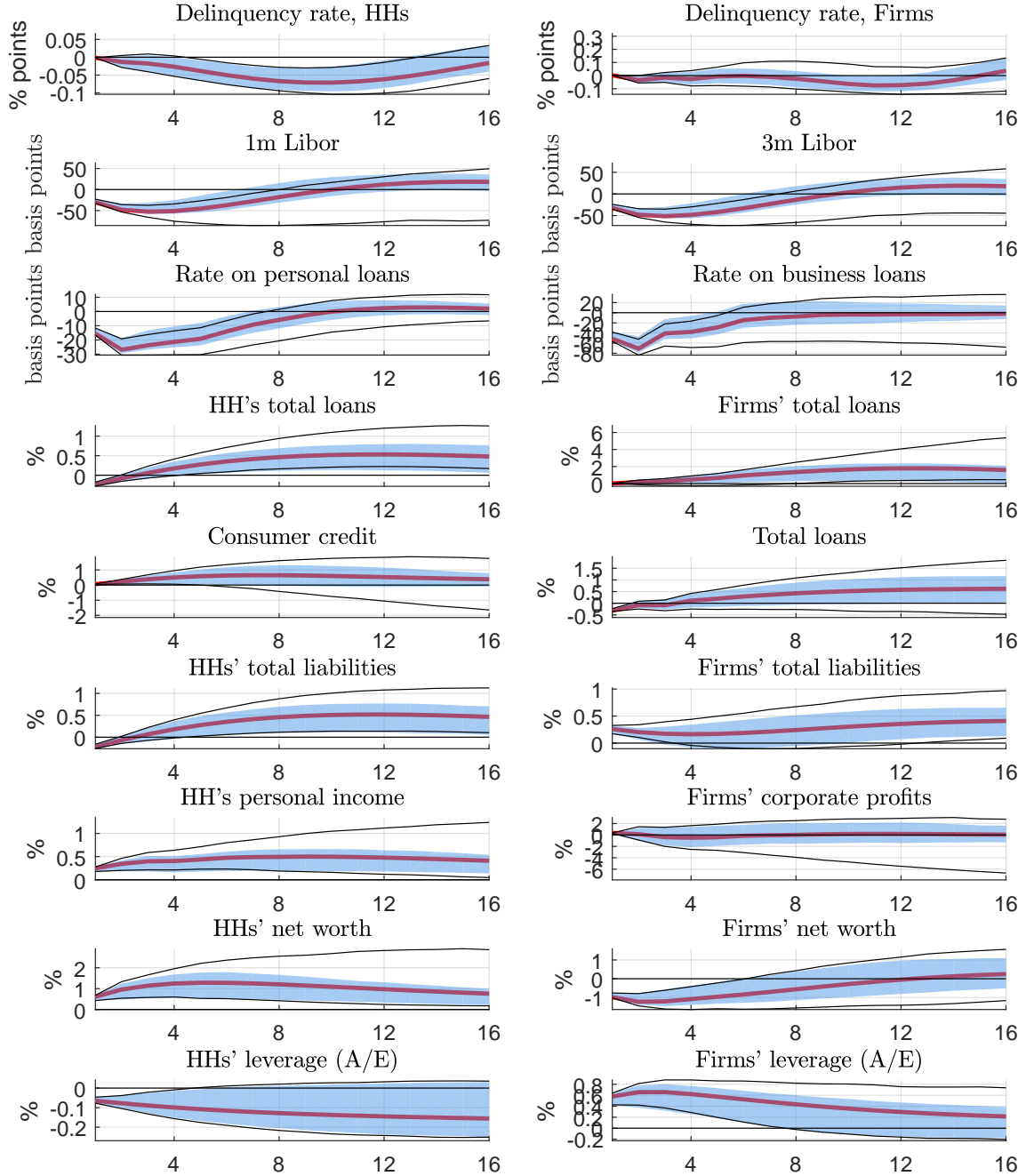

Notes: Pointwise 95% confidence band under the baseline specification (shaded area) and under the robustness check (thin lines).

Figure A.10: Impulse responses of the variables in the initial VAR (robustness check, bootstrap procedure by Kilian, 1998)
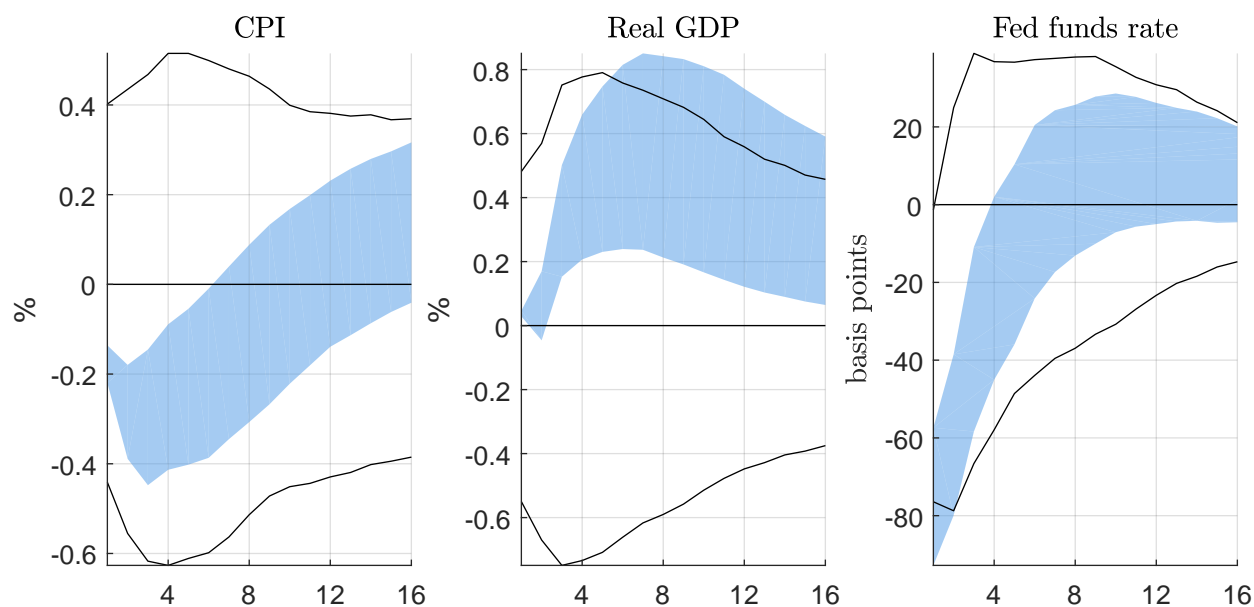

Notes: Pointwise 95% confidence band under the baseline specification (shaded area) and under the robustness check (thin lines).

Figure A.11: Impulse responses of the additional variables (robustness check, bootstrap procedure by Kilian, 1998)
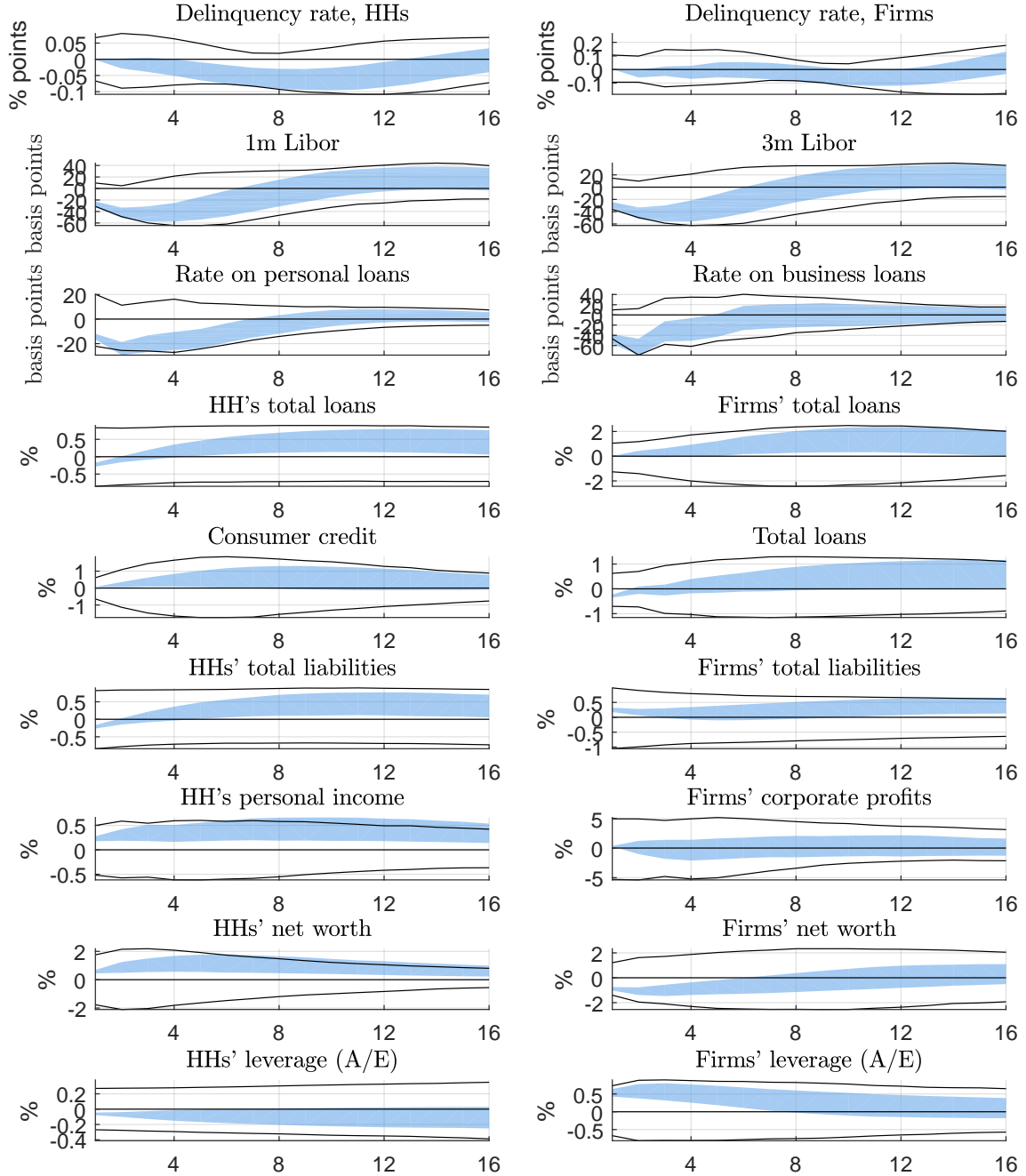

Notes: Pointwise 95% confidence band under the baseline specification (shaded area) and under the robustness check (thin lines).

Figure A.12: Impulse responses of the variables in the initial VAR (robustness check, bootstrap procedure by Mertens and Ravn, 2013)
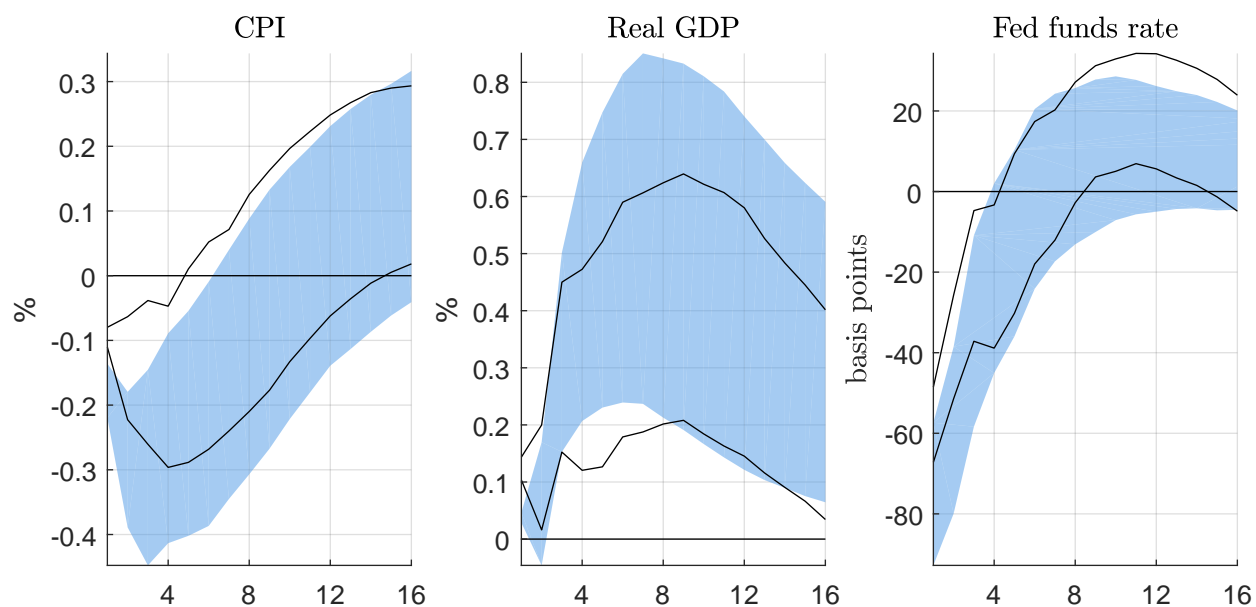

Notes: Pointwise 95% confidence band under the baseline specification (shaded area) and under the robustness check (thin lines).

Figure A.13: Impulse responses of the additional variables (robustness check, bootstrap procedure by Mertens and Ravn, 2013)

Notes: Pointwise 95% confidence band under the baseline specification (shaded area) and under the robustness check (thin lines).
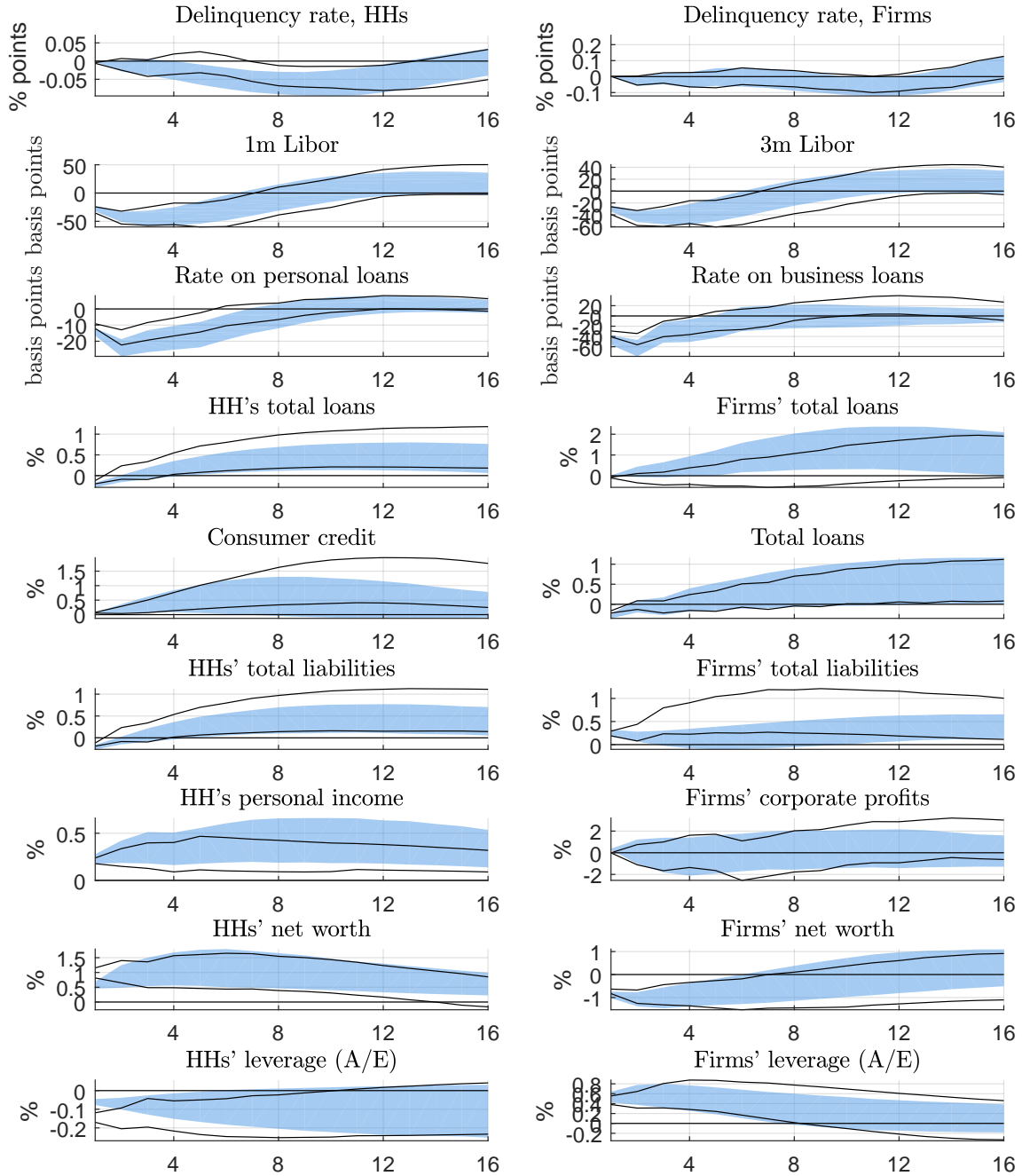
Figure A.14: Impulse responses of the variables in the initial VAR (robustness check, increasing p by 2)

Notes: Pointwise 95% confidence band under the baseline specification (shaded area) and under the robustness check (thin lines).

Figure A.15: Impulse responses of the additional variables (robustness check, increasing p by 2)

Notes: Pointwise 95% confidence band under the baseline specification (shaded area) and under the robustness check (thin lines).
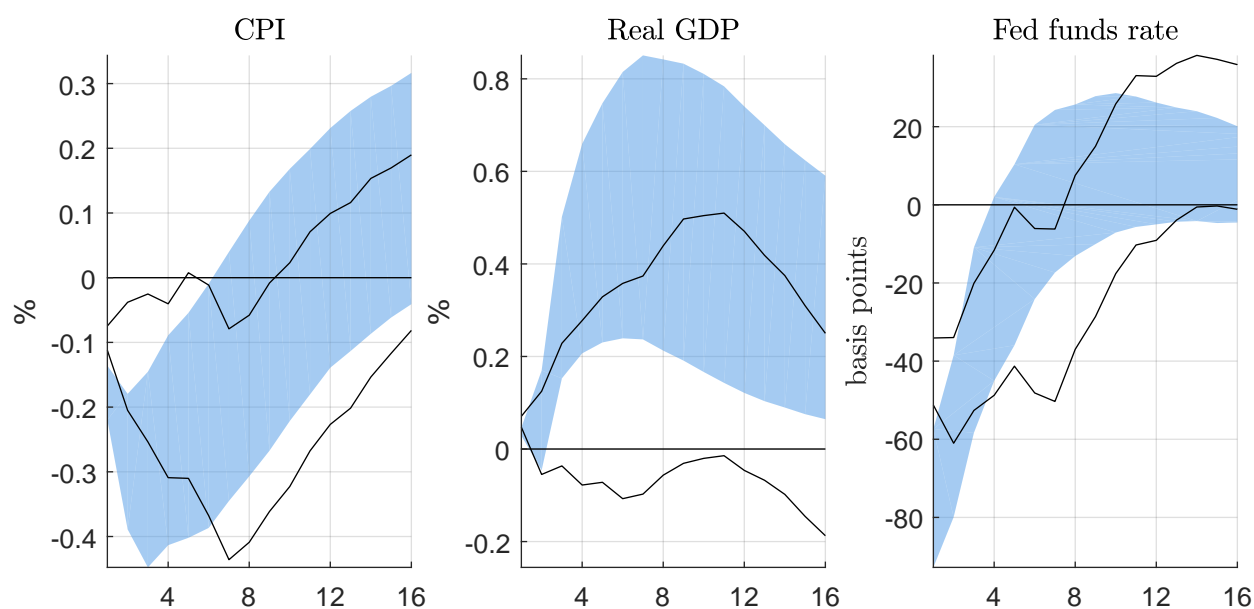
Figure A.16: Impulse responses of the variables in the initial VAR (robustness check, increasing p by 4)
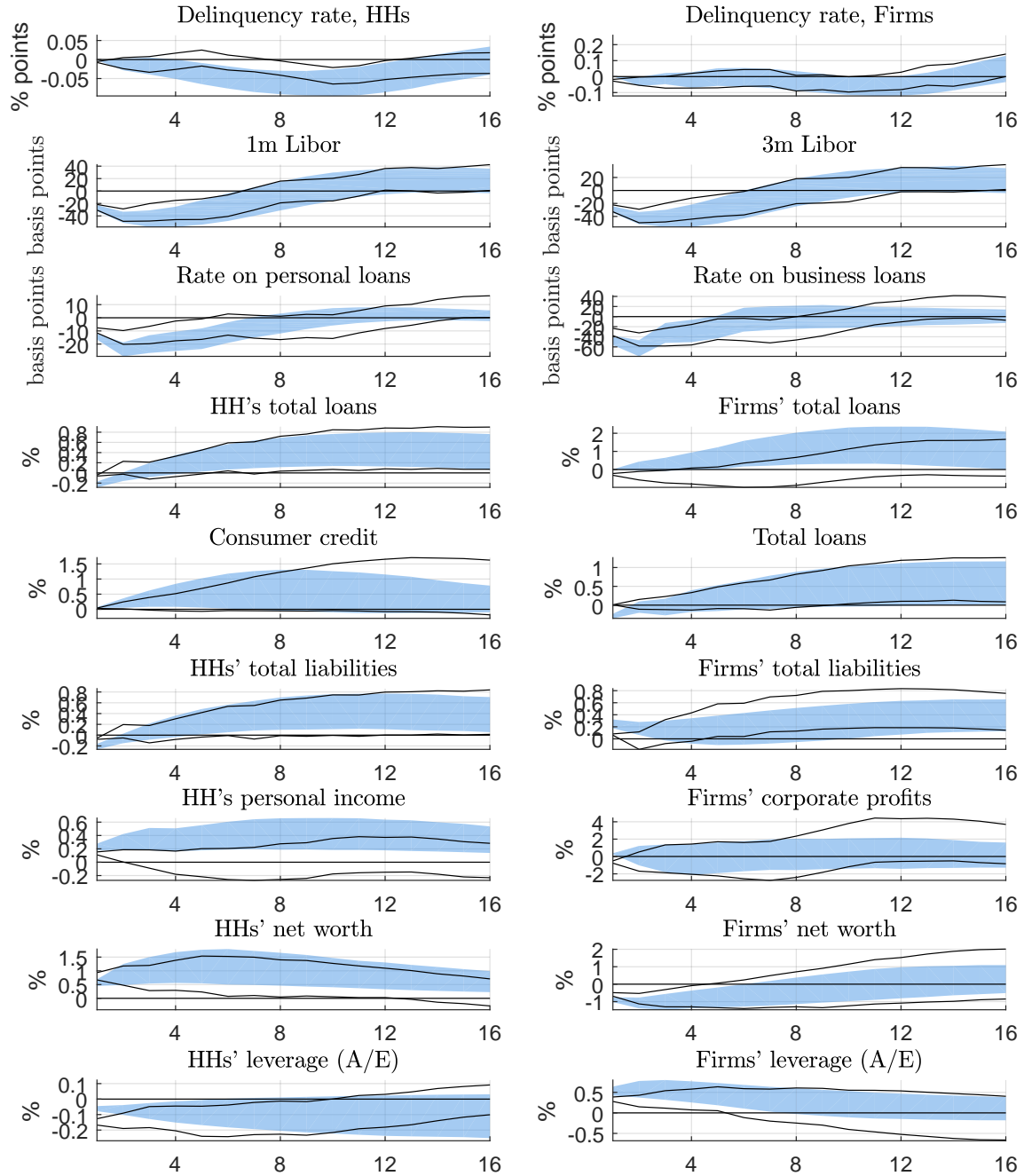
CPI

Real GDP

Fed funds rate

Notes: Pointwise 95% confidence band under the baseline specification (shaded area) and under the robustness check (thin lines).

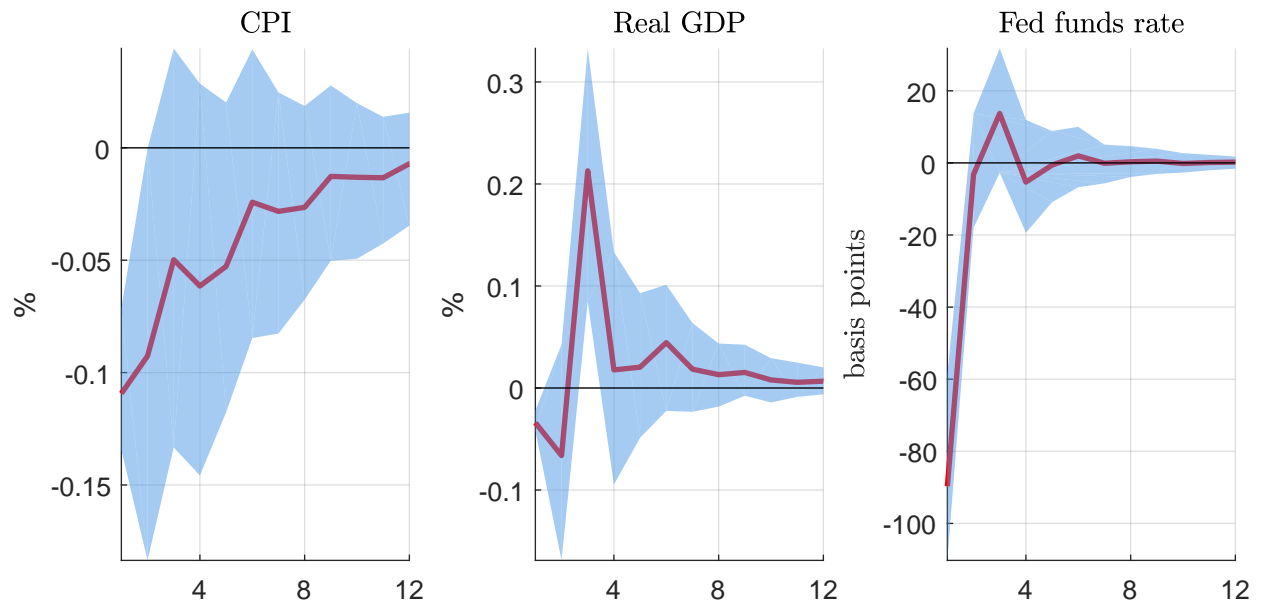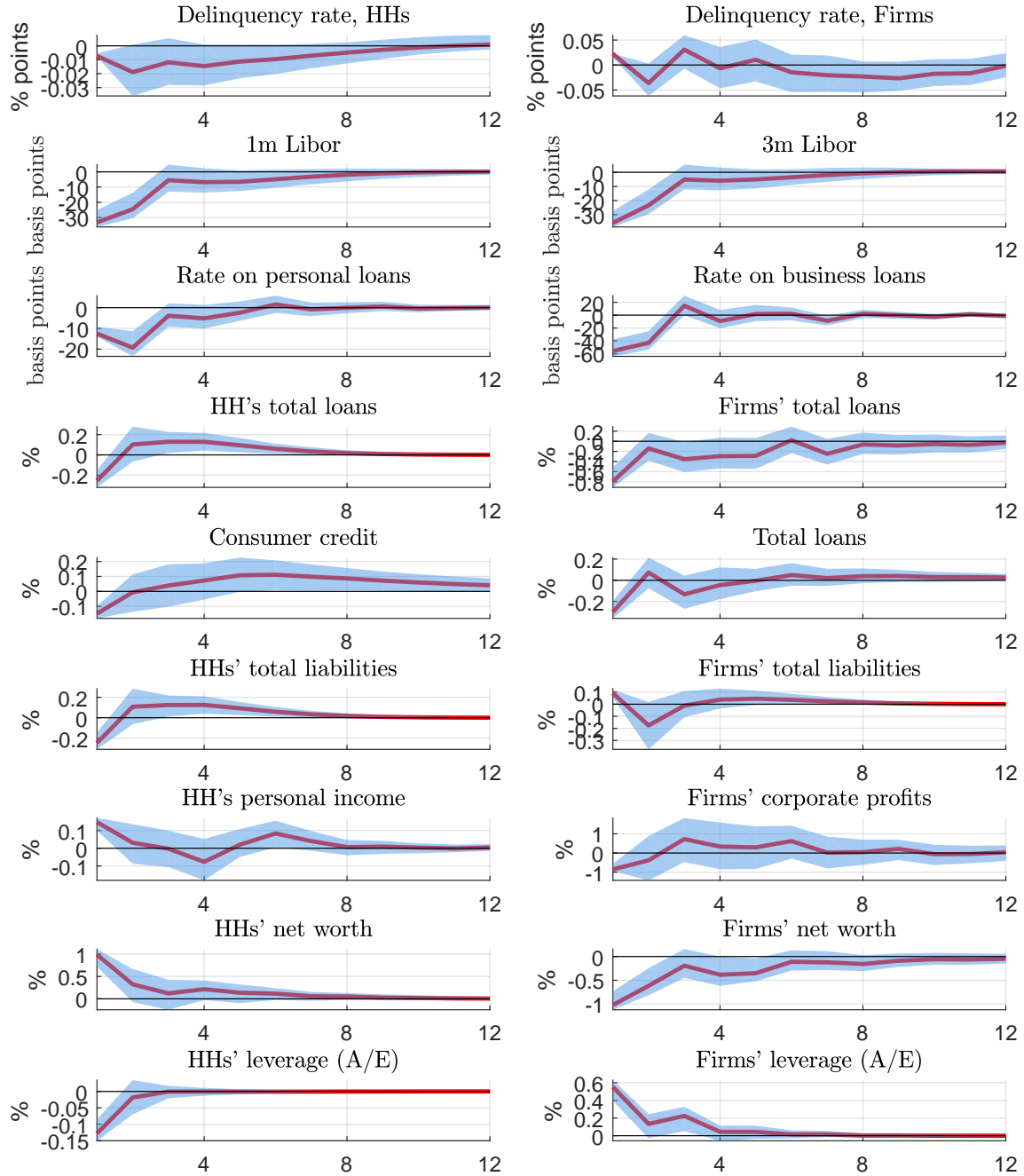**Figure A.17:** Impulse responses of the additional variables (robustness check, increasing p by 4)

Notes: Pointwise 95% confidence band under the baseline specification (shaded area) and under the robustness check (thin lines).

Figure A.18: Impulse responses of the variables in the initial VAR (robustness check, all variables in first difference)
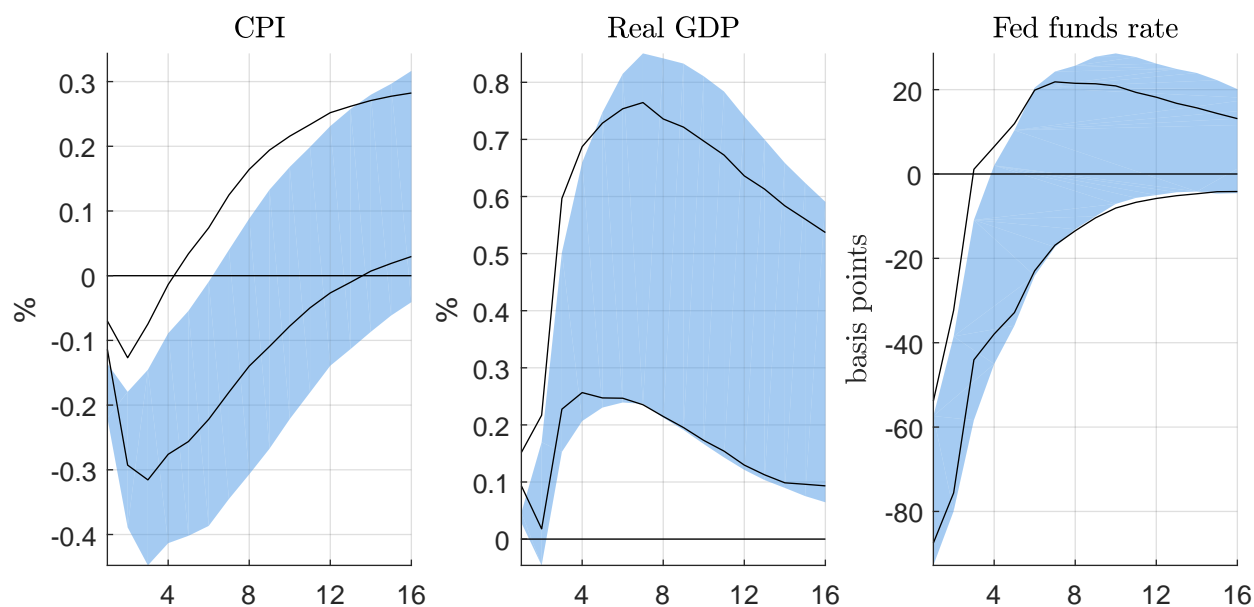

Notes: Pointwise 95% confidence band (shaded area) and point estimate (thick line) under the robustness check.

Figure A.19: Impulse responses of the additional variables (robustness check, all variables in first difference)
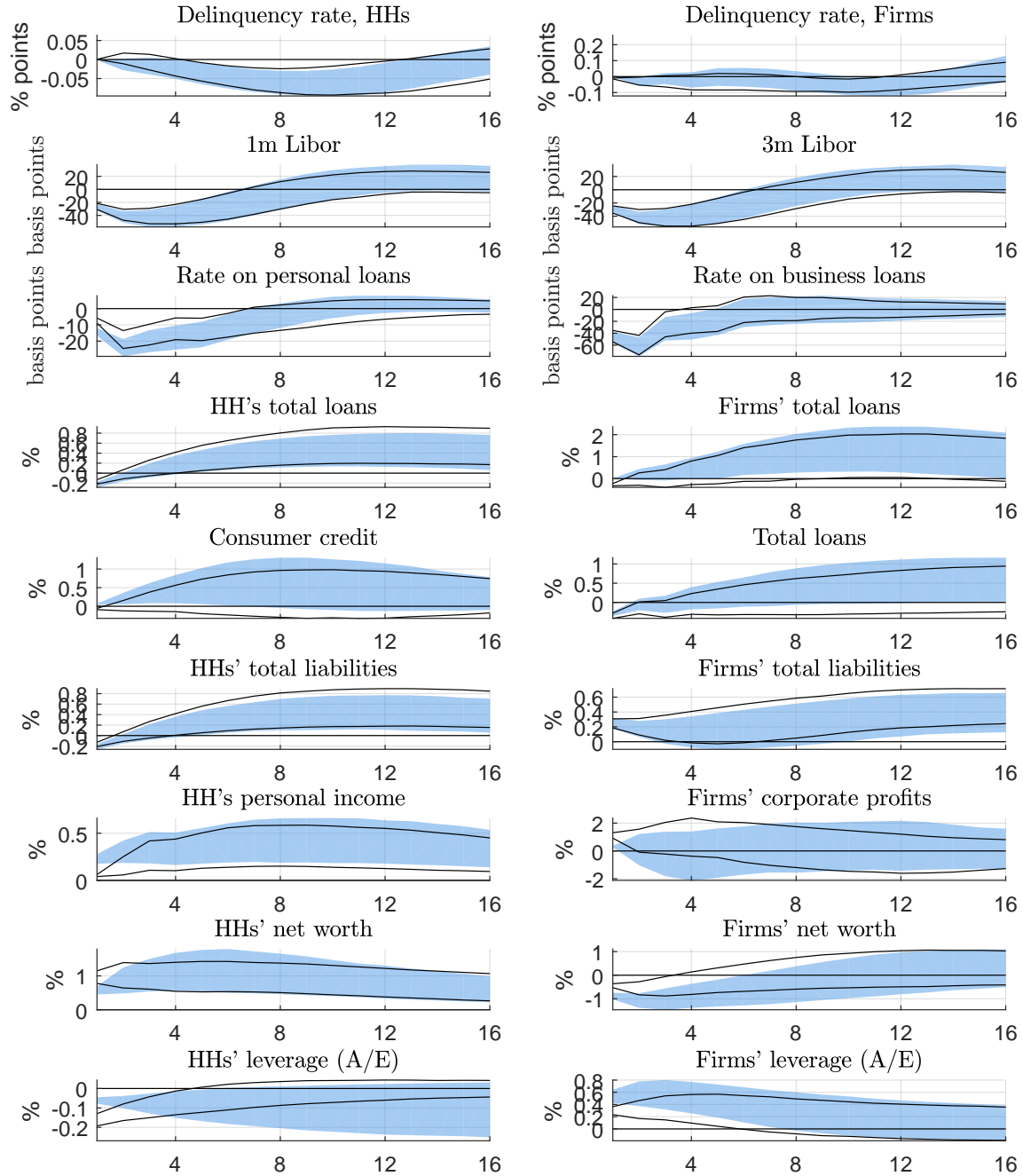

Notes: Pointwise 95% confidence band (shaded area) and point estimate (thick line) under the robustness check.

Figure A.20: Impulse responses of the variables in the initial VAR (robustness check, reduced form model estimated in the period 1979Q3-2006Q4)

Notes: Pointwise 95% confidence band under the baseline specification (shaded area) and under the robustness check (thin lines).

Figure A.21: Impulse responses of the additional variables (robustness check, reduced form model estimated in the period 1979Q3-2006Q4)
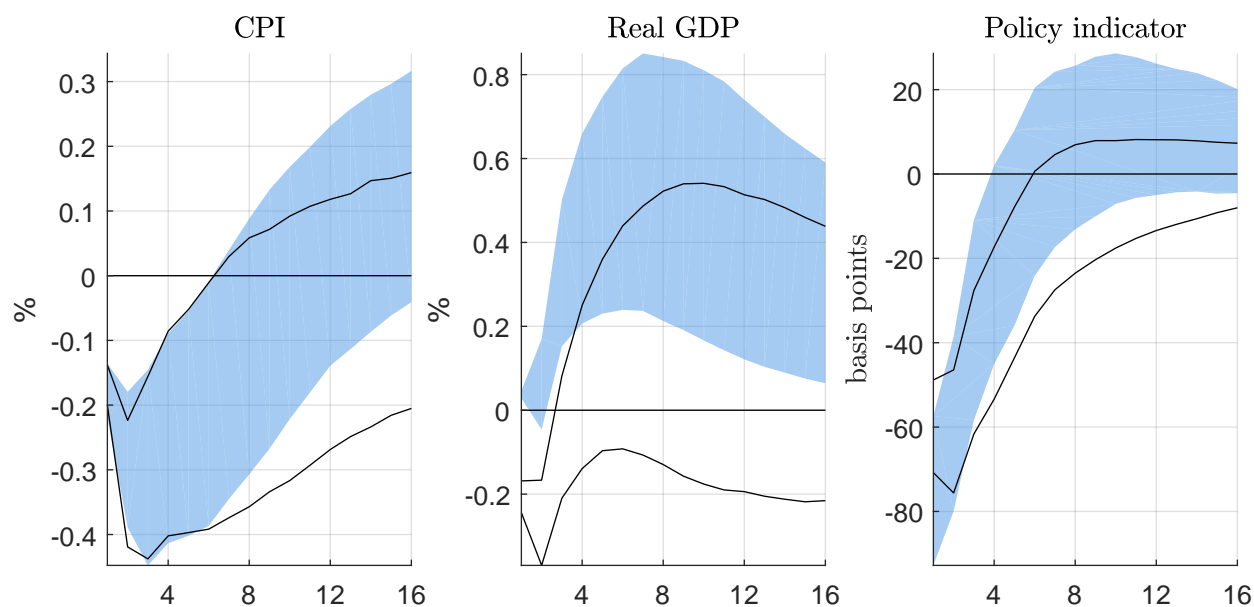

Notes: Pointwise 95% confidence band under the baseline specification (shaded area) and under the robustness check (thin lines).
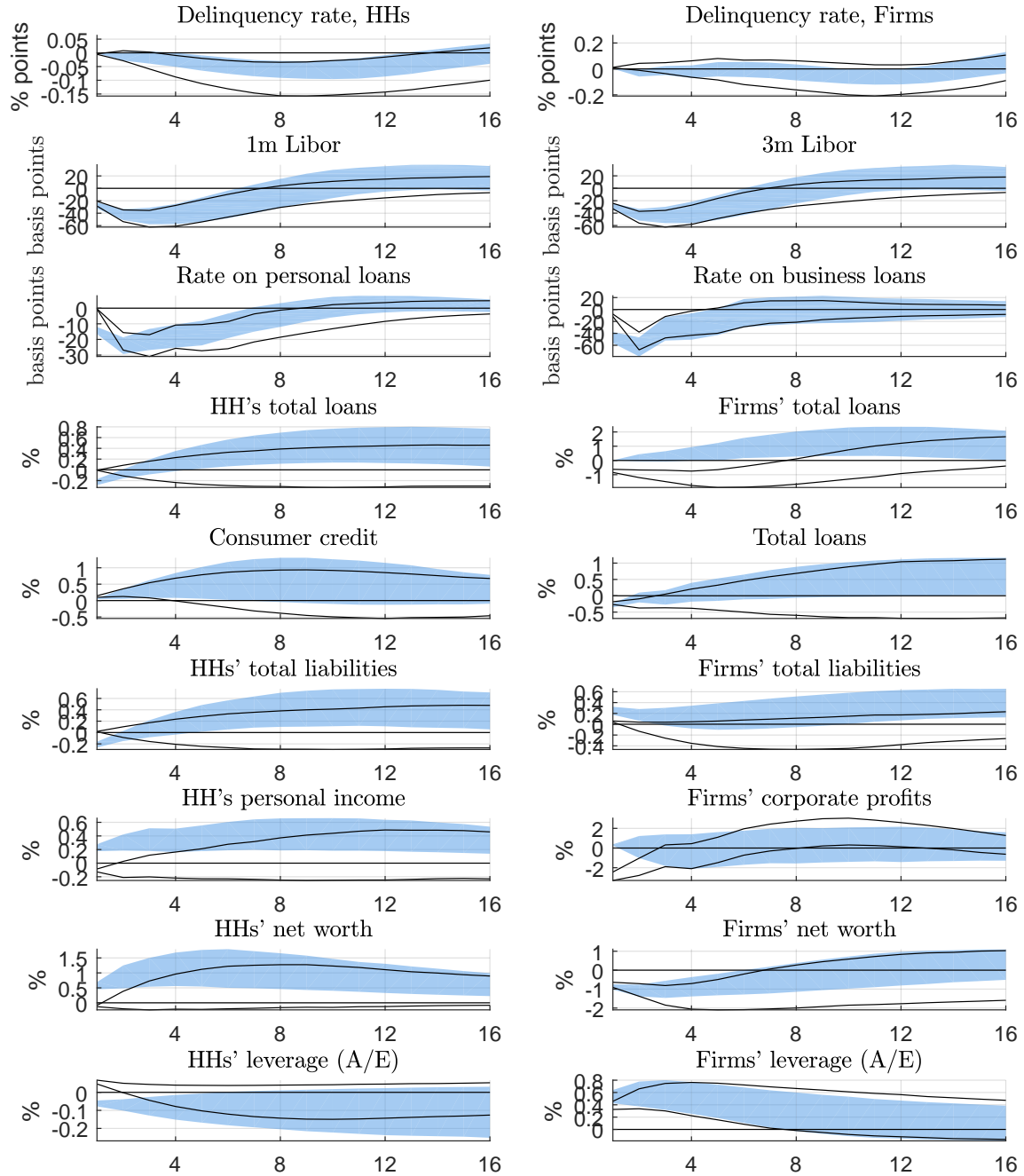
Figure A.22: Impulse responses of the variables in the initial VAR (robustness check, reduced form model estimated in the period 1979Q3-2016Q3, using the baseline shocks)

Notes: Pointwise 95% confidence band under the baseline specification (shaded area) and under the robustness check (thin lines). The policy indicator is either the federal funds rate (shaded area) or the 2 year treasury rate (thin lines).

Figure A.23: Impulse responses of the additional variables (robustness check, reduced form model estimated in the period 1979Q3-2016Q3, using the baseline shocks)

Notes: Pointwise 95% confidence band under the baseline specification (shaded area) and under the robustness check (thin lines).

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Figure A.24: Impulse responses of the variables in the initial VAR (robustness check, reduced form model estimated in the period 1979Q3-2016Q3, using the shocks by Gertler and Karadi, 2015 and Nakamura and Steinsson, forthcoming)

Notes: Pointwise 95% confidence band under the baseline specification (shaded area) and under the robustness check (thin lines). The policy indicator is either the federal funds rate (shaded area) or the 2 year treasury rate (thin lines).
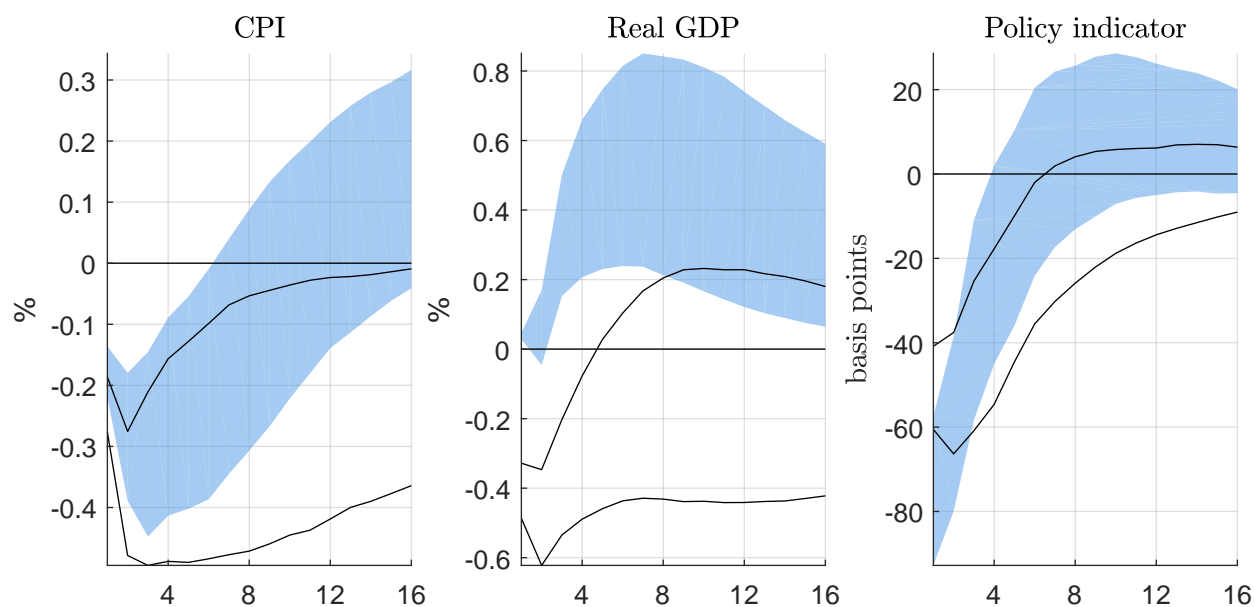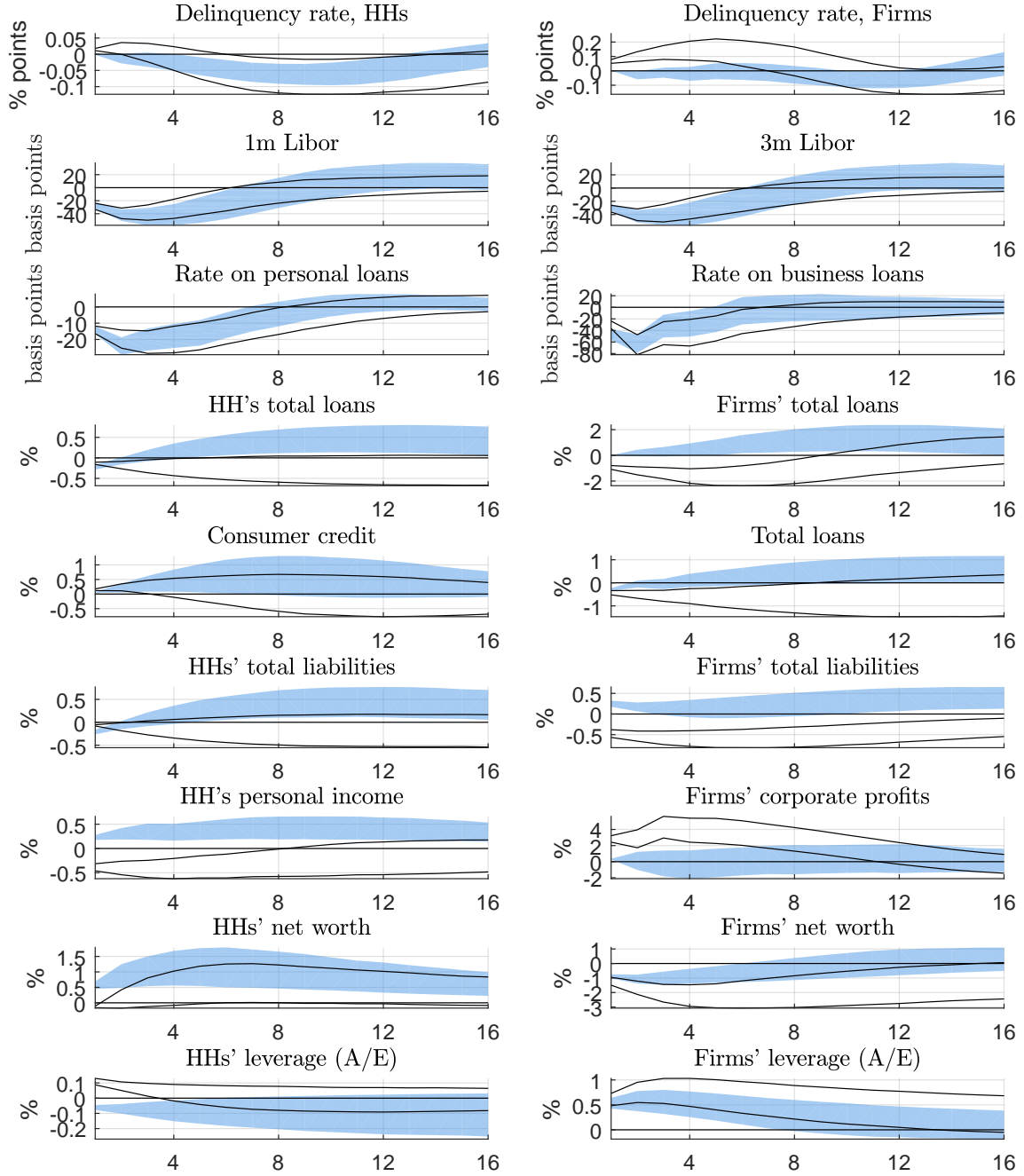
Figure A.25: Impulse responses of the additional variables (robustness check, reduced form model estimated in the period 1979Q3-2016Q3, using the shocks by Gertler and Karadi, 2015 and Nakamura and Steinsson, forthcoming)

Notes: Pointwise 95% confidence band under the baseline specification (shaded area) and under the robustness check (thin lines).

References

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Gertler, M. and Karadi, P. (2015), 'Monetary policy surprises, credit costs and economic activity', *American Economic Journal: Macroeconomics* **7**(1), 44–76.

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Mertens, K. and Ravn, M. O. (2013), 'The dynamic effects of personal and corporate income tax changes in the United States', *The American Economic Review* **103**(4), 1212–1247.

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Romer, C. D. and Romer, D. H. (2004), 'A new measure of monetary shocks: Derivation and implications', *American Economic Review* **94**(4), 1055–1084.