Notes on MNS (2016)

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1 Overview and results

Main results:

1. In standard NKM there is an outsized response of output/consumption to forward guidance.

2 Result #1

I've replicated this in AIM. Some notes on the AIM code

- Note that the variable r_t in the code is the deviation of the real rate from the natural rate: $\tilde{r}_t = i_t - \mathbb{E}_t \pi_{t+1} - r_t^n$. With this note, you can easily map my code back to the exposition in the paper.