

Typos in Jermann/Quadrini

- Figure 6: Top y-tick for “Hours worked” should read 0.4 instead of 0.8
- Figure 6: The definition of “Equity value” is “ $V/(K-B)$ ”, i.e. the Y should not be there.
- Figure 6: The y-ticks for “Equity value” are incorrectly centered and should range from -0.2 to plus 0.3
- In equation (17), the $\hat{\nu}$ should be a \hat{v}
- p. 260: In the household’s budget constraint, equation (14), there is a P_t missing in front of the real dividends d_t as the budget constraint is nominal (the budget constraint in the Technical Appendix (14) is correct)
- p. 261: In equation (15) and below it, the N_t should be n_t to be consistent with the appendix and the \hat{n}_t in equation (17)
- p. 261: In equation (16), the L_{t+s} should be n_{t+s}
- p. 261: Below equation (17), the v in the definition of Ψ should be \bar{v}
- p. 261: In equations (20) and (21) as well as in the intermediate text below the two equations, the y_t should be Y_{t+1} to be consistent with subsequent equations.
- p. 263: For capital utilization to be 1 in steady state, it needs to be the case that $\vartheta = \frac{1-\tilde{\xi}\bar{\mu}}{\beta} - (1-\delta)$
- p.264: The Taylor rule, equation (28) should read:

$$\frac{1+r_t}{1+\bar{r}} = \left(\frac{1+r_{t-1}}{1+\bar{r}} \right)^{\rho_R} \left[\left(\frac{\pi_t}{\bar{\pi}} \right)^{\nu_1} \left(\frac{Y_t}{Y_t^*} \right)^{\nu_2} \right]^{1-\rho_R} \left(\frac{\frac{Y_t}{Y_t^*}}{\frac{Y_{t-1}}{Y_{t-1}^*}} \right)^{\nu_3} s_t$$

so that it is consistent with Smets and Wouters (2007)

- p.267: In Table 3, the parameter ρ_{Gz} should be ρ_{gz} and ϵ_G should be ϵ_g correspond to equation 27.
- p.267: In Table 3, the prior distributions for \bar{v} and $\bar{\eta}$ should presumably be generalized beta distributions on the interval $[1, 2]$
- In Table 3, the λ refers to the habit parameter h in the utility function and equation (17)

Appendix

1. p. 5: The parameter A in the U_3 term should be the α used in the paper
2. p. 7: in the FOC for capacity utilization (third equation from top), there should be no $\lambda_t P_t$ dividing $\Psi_{u,t} k_t$
3. p. 7: in the FOC for capital (sixth equation from top), it should be $\Psi(u_{t+1})$
4. p. 7: in the FOC for capital utilization, equation (2), there should be no $\varphi_{d,t}$ multiplying $\Psi_{u,t} k_t$ as this results from replacing the wrong term in 2

5. p. 7: in the FOC for capital, equation (3), it should be Ψ_{t+1}
6. p. 8: in the FOC for wages, equation (6), i) the hats are missing on every variable
7. p. 9: in the firm's budget constraint, equation (13), the G_t refers to the price adjustment cost function $G(p_{t-1}, p_t)$ (equation (25) in the paper), not government spending
8. p. 9: in the Taylor rule, equation (16), the hats are missing on every variable (this is important only for r_t and r_{t-1} which should be replaced by $r_t - \bar{r}$ and $r_{t-1} - \bar{r}$, respectively)
9. p. 9: in the government budget constraint, equation (15), it should be R_t
10. The treatment of b_t and B_t in equations (14), (15), and (18) is inconsistent. B_t has been defined in the paper as nominal bonds. Assuming that $B_t = b_t$ in order to be consistent with the nominal budget constraints, there is a price level P_t missing in the definition of debt repurchases, equation (18), in order to obtain real bonds over real GDP.