

Appendix C. Studies using sign-restricted structural VARs that summarized results using single elements and subsets of the full set of accepted draws.

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Appendix D. Sensitivity of results to prior specification.

Table D1. Decomposition of variance of 4-quarter-ahead forecast errors with uninformative prior for α^s .

	Supply	Demand	Monetary policy
Output gap	0.09 [8%] (0.00, 0.43)	0.87 [82%] (0.50, 1.46)	0.10 [10%] (0.01, 0.34)
Inflation	0.50 [94%] (0.32, 0.81)	0.03 [5%] (0.00, 0.15)	0.00 [1%] (0.00, 0.04)
Fed funds rate	0.07 [5%] (0.00, 0.35)	0.99 [72%] (0.38, 1.77)	0.30 [22%] (0.08, 0.85)

Notes. Estimated contribution of each structural shock to the 4-quarter-ahead median squared forecast error of each variable in bold, and expressed as a percent of total MSE in brackets. Parentheses indicate 95% credibility intervals.

Table D2. Decomposition of variance of 4-quarter-ahead forecast errors with uninformative prior for β^d .

	Supply	Demand	Monetary policy
Output gap	0.47 [43%] (0.16, 1.02)	0.58 [53%] (0.25, 1.05)	0.04 [4%] (0.01, 0.15)
Inflation	0.33 [62%] (0.14, 0.61)	0.18 [34%] (0.07, 0.42)	0.02 [3%] (0.00, 0.09)
Fed funds rate	0.02 [2%] (0.00, 0.20)	0.88 [67%] (0.34, 1.66)	0.42 [31%] (0.14, 0.95)

Notes. Estimated contribution of each structural shock to the 4-quarter-ahead median squared forecast error of each variable in bold, and expressed as a percent of total MSE in brackets. Parentheses indicate 95% credibility intervals.

Table D3. Decomposition of variance of 4-quarter-ahead forecast errors with uninformative prior for γ^d .

	Supply	Demand	Monetary policy
Output gap	0.37 [36%] (0.10, 0.85)	0.62 [61%] (0.33, 1.10)	0.03 [3%] (0.00, 0.23)
Inflation	0.38 [69%] (0.20, 0.68)	0.16 [29%] (0.05, 0.36)	0.01 [2%] (0.00, 0.09)
Fed funds rate	0.02 [1%] (0.00, 0.16)	0.81 [61%] (0.27, 1.68)	0.50 [38%] (0.07, 1.07)

Notes. Estimated contribution of each structural shock to the 4-quarter-ahead median squared forecast error of each variable in bold, and expressed as a percent of total MSE in brackets. Parentheses indicate 95% credibility intervals.

Table D4. Decomposition of variance of 4-quarter-ahead forecast errors with uninformative prior for ψ^y .

	Supply	Demand	Monetary policy
Output gap	0.31 [31%] (0.06, 0.78)	0.63 [62%] (0.35, 1.11)	0.06 [6%] (0.01, 0.23)
Inflation	0.41 [72%] (0.23, 0.73)	0.14 [24%] (0.03, 0.33)	0.02 [4%] (0.00, 0.09)
Fed funds rate	0.02 [1%] (0.00, 0.18)	1.05 [76%] (0.49, 1.85)	0.31 [23%] (0.08, 0.82)

Notes. Estimated contribution of each structural shock to the 4-quarter-ahead median squared forecast error of each variable in bold, and expressed as a percent of total MSE in brackets. Parentheses indicate 95% credibility intervals.

Table D5. Decomposition of variance of 4-quarter-ahead forecast errors with uninformative prior for ψ^π .

	Supply	Demand	Monetary policy
Output gap	0.38 [36%] (0.10, 0.86)	0.61 [59%] (0.32, 1.09)	0.05 [5%] (0.01, 0.19)
Inflation	0.37 [68%] (0.20, 0.67)	0.16 [28%] (0.05, 0.36)	0.02 [4%] (0.00, 0.09)
Fed funds rate	0.02 [1%] (0.00, 0.16)	0.97 [72%] (0.38, 1.77)	0.36 [27%] (0.10, 0.92)

Notes. Estimated contribution of each structural shock to the 4-quarter-ahead median squared forecast error of each variable in bold, and expressed as a percent of total MSE in brackets. Parentheses indicate 95% credibility intervals.

Table D6. Decomposition of variance of 4-quarter-ahead forecast errors with uninformative prior for ρ .

	Supply	Demand	Monetary policy
Output gap	0.37 [35%] (0.09, 0.85)	0.63 [60%] (0.34, 1.11)	0.04 [4%] (0.01, 0.18)
Inflation	0.38 [69%] (0.20, 0.68)	0.16 [28%] (0.05, 0.36)	0.02 [3%] (0.00, 0.08)
Fed funds rate	0.02 [1%] (0.00, 0.16)	0.91 [69%] (0.33, 1.70)	0.40 [30%] (0.11, 0.96)

Notes. Estimated contribution of each structural shock to the 4-quarter-ahead median squared forecast error of each variable in bold, and expressed as a percent of total MSE in brackets. Parentheses indicate 95% credibility intervals.

Table D7. Decomposition of variance of 4-quarter-ahead forecast errors without constraints h_1 and h_2 .

	Supply	Demand	Monetary policy
Output gap	0.36 [36%] (0.09, 0.87)	0.56 [55%] (0.25, 1.04)	0.09 [9%] (0.01, 0.42)
Inflation	0.38 [69%] (0.19, 0.69)	0.14 [25%] (0.03, 0.35)	0.03 [6%] (0.00, 0.15)
Fed funds rate	0.02 [1%] (0.00, 0.18)	1.11 [82%] (0.43, 1.95)	0.23 [17%] (0.01, 0.84)

Notes. Estimated contribution of each structural shock to the 4-quarter-ahead median squared forecast error of each variable in bold, and expressed as a percent of total MSE in brackets. Parentheses indicate 95% credibility intervals.

Table D8. Decomposition of variance of 4-quarter-ahead forecast errors with uninformative prior for λ_0 .

	Supply	Demand	Monetary policy
Output gap	0.51 [39%] (0.12, 1.32)	0.73 [55%] (0.33, 1.49)	0.07 [6%] (0.02, 0.30)
Inflation	0.49 [65%] (0.23, 1.05)	0.23 [30%] (0.06, 0.59)	0.03 [4%] (0.00, 0.17)
Fed funds rate	0.05 [3%] (0.00, 0.41)	1.49 [82%] (0.70, 2.85)	0.28 [15%] (0.05, 0.84)

Notes. Estimated contribution of each structural shock to the 4-quarter-ahead median squared forecast error of each variable in bold, and expressed as a percent of total MSE in brackets. Parentheses indicate 95% credibility intervals.

Table D9. Decomposition of variance of 4-quarter-ahead forecast errors for 6-variable model.

	Supply	Demand	Monetary policy
Output gap	0.27 [26%] (0.02, 0.80)	0.56 [54%] (0.14, 1.16)	0.03 [3%] (0.00, 0.21)
Inflation	0.22 [51%] (0.11, 0.42)	0.11 [26%] (0.01, 0.31)	0.01 [1%] (0.00, 0.05)
Fed funds rate	0.04 [4%] (0.00, 0.27)	0.61 [57%] (0.02, 1.32)	0.06 [6%] (0.01, 0.29)

Notes. Estimated contribution of each structural shock to the 4-quarter-ahead median squared forecast error of each variable in bold, and expressed as a percent of total MSE in brackets. Parentheses indicate 95% credibility intervals.

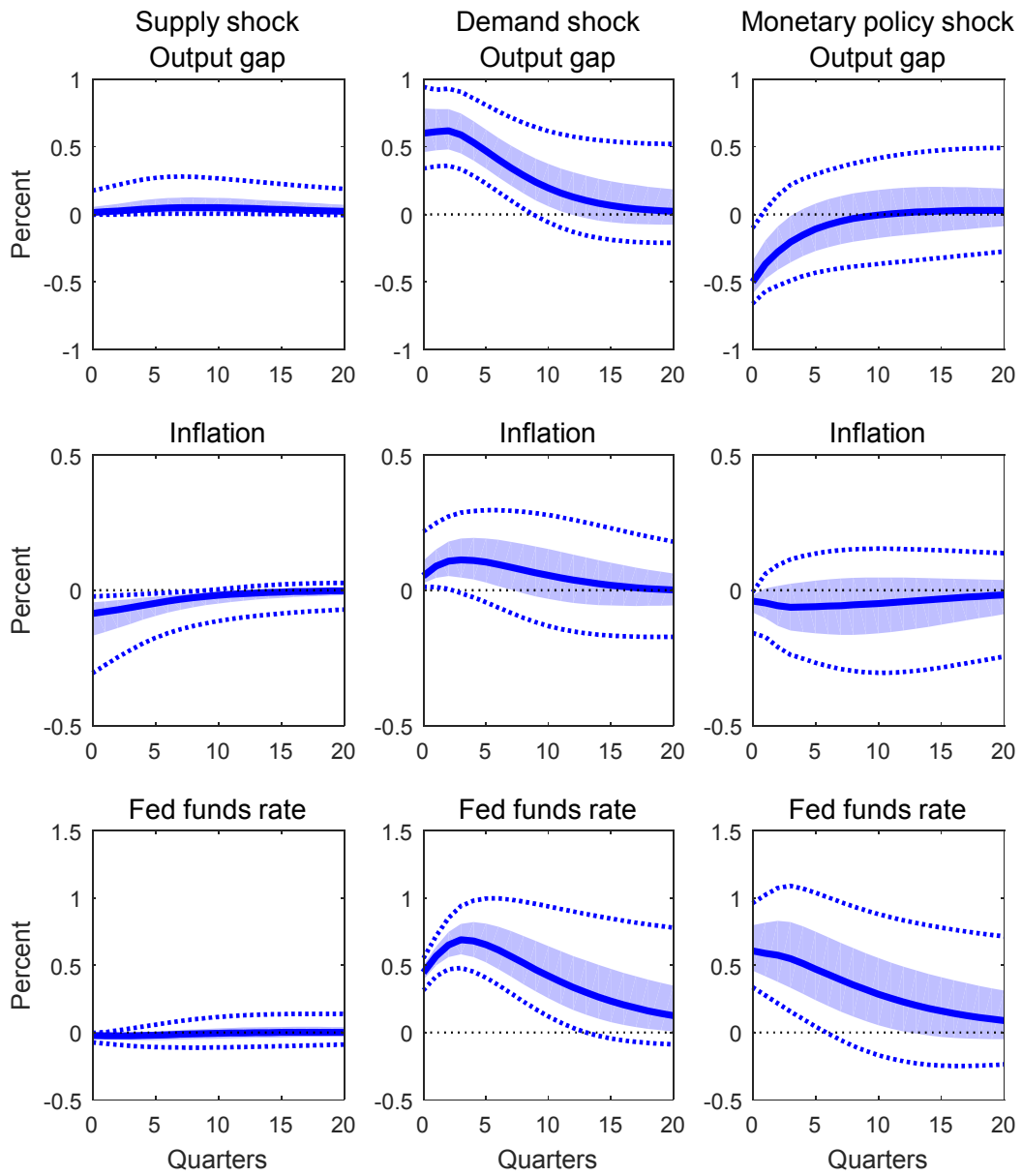


Figure D1. Impulse-response functions for 3-variable VAR with uninformative prior for α^S . Solid blue lines: posterior median. Shaded regions: 68% posterior credibility set. Dotted blue lines: 95% posterior credibility set.

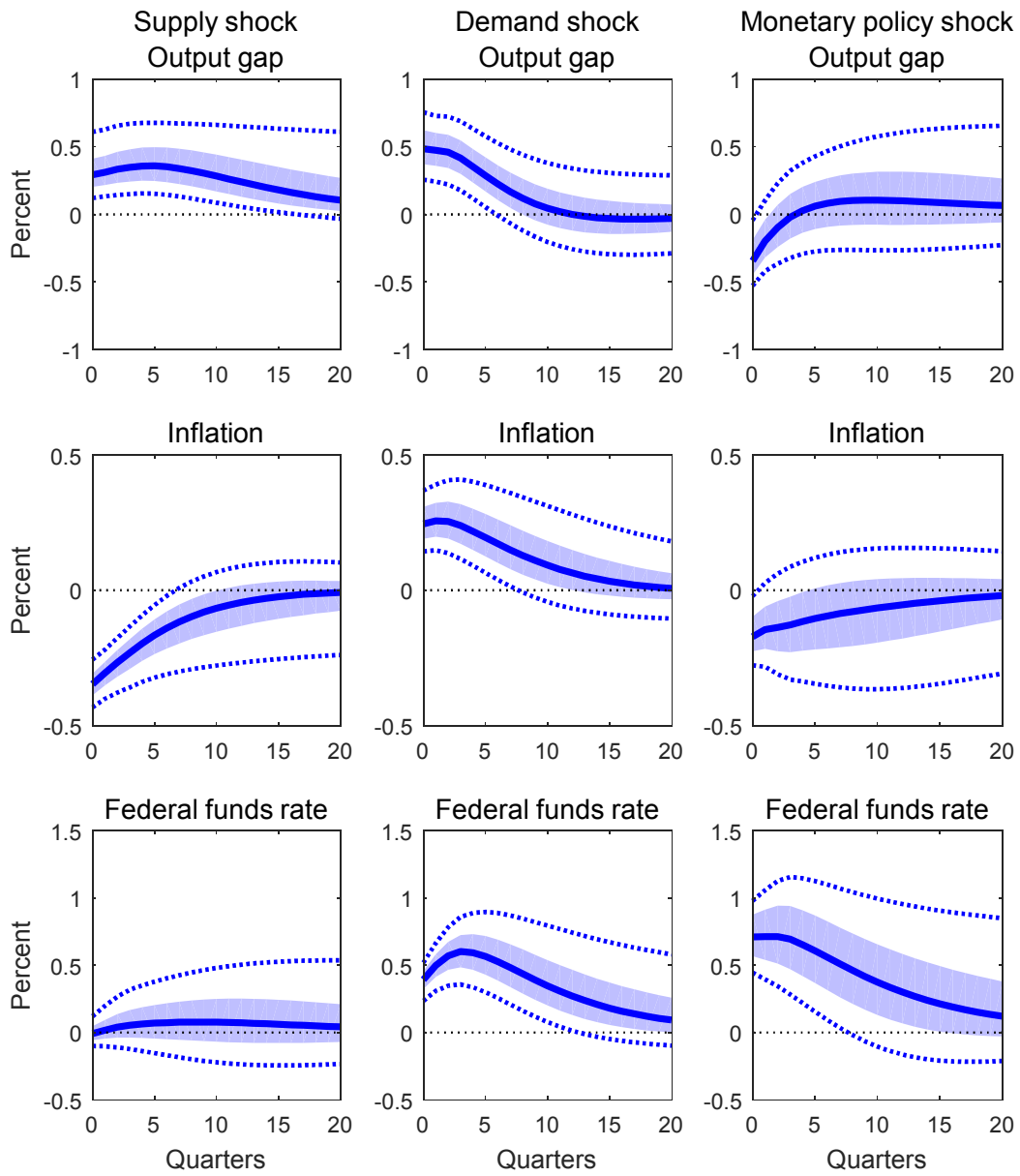


Figure D2. Impulse-response functions for 3-variable VAR with uninformative prior for β^d . Solid blue lines: posterior median. Shaded regions: 68% posterior credibility set. Dotted blue lines: 95% posterior credibility set.

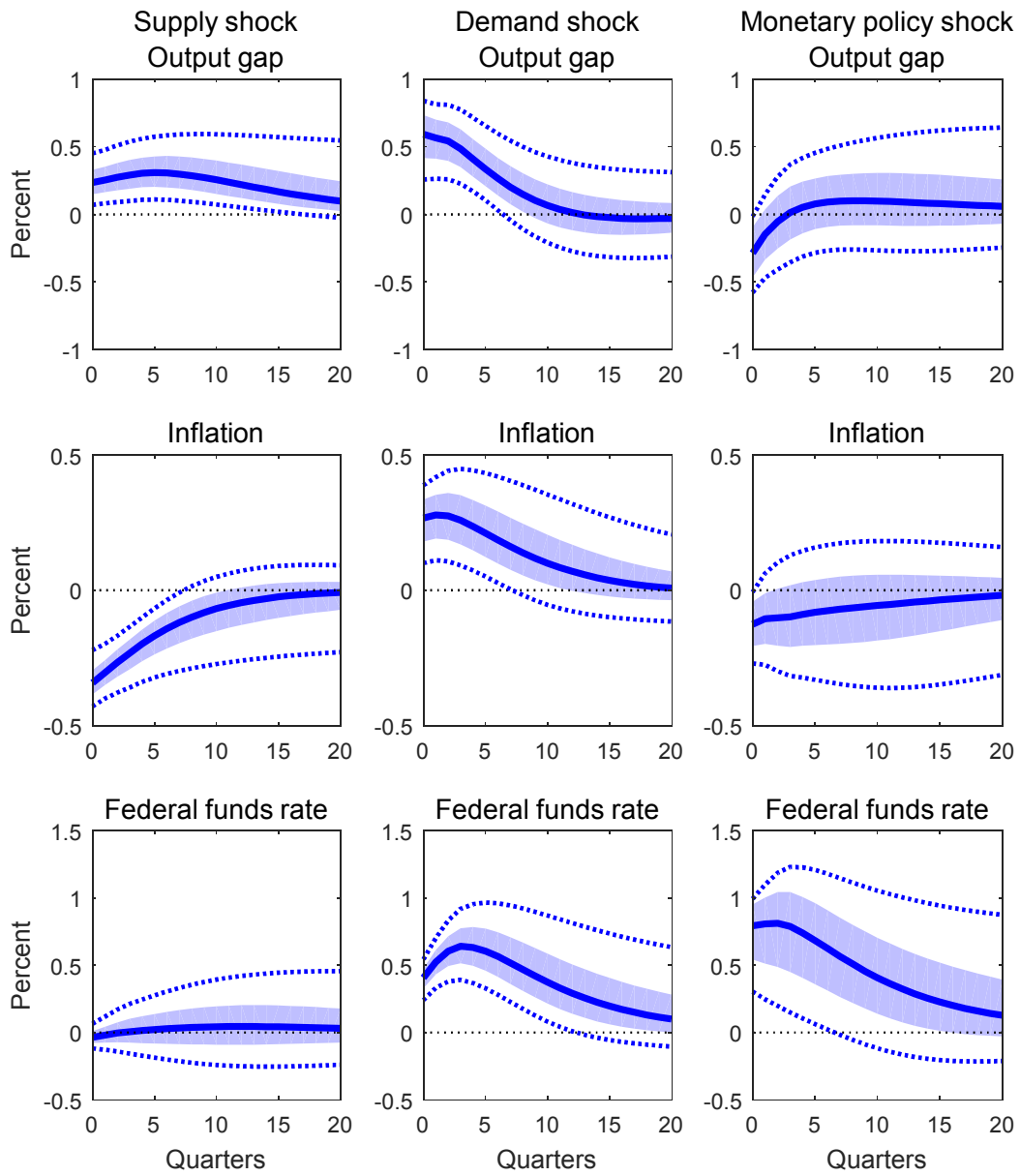


Figure D3. Impulse-response functions for 3-variable VAR with uninformative prior for γ^d . Solid blue lines: posterior median. Shaded regions: 68% posterior credibility set. Dotted blue lines: 95% posterior credibility set.

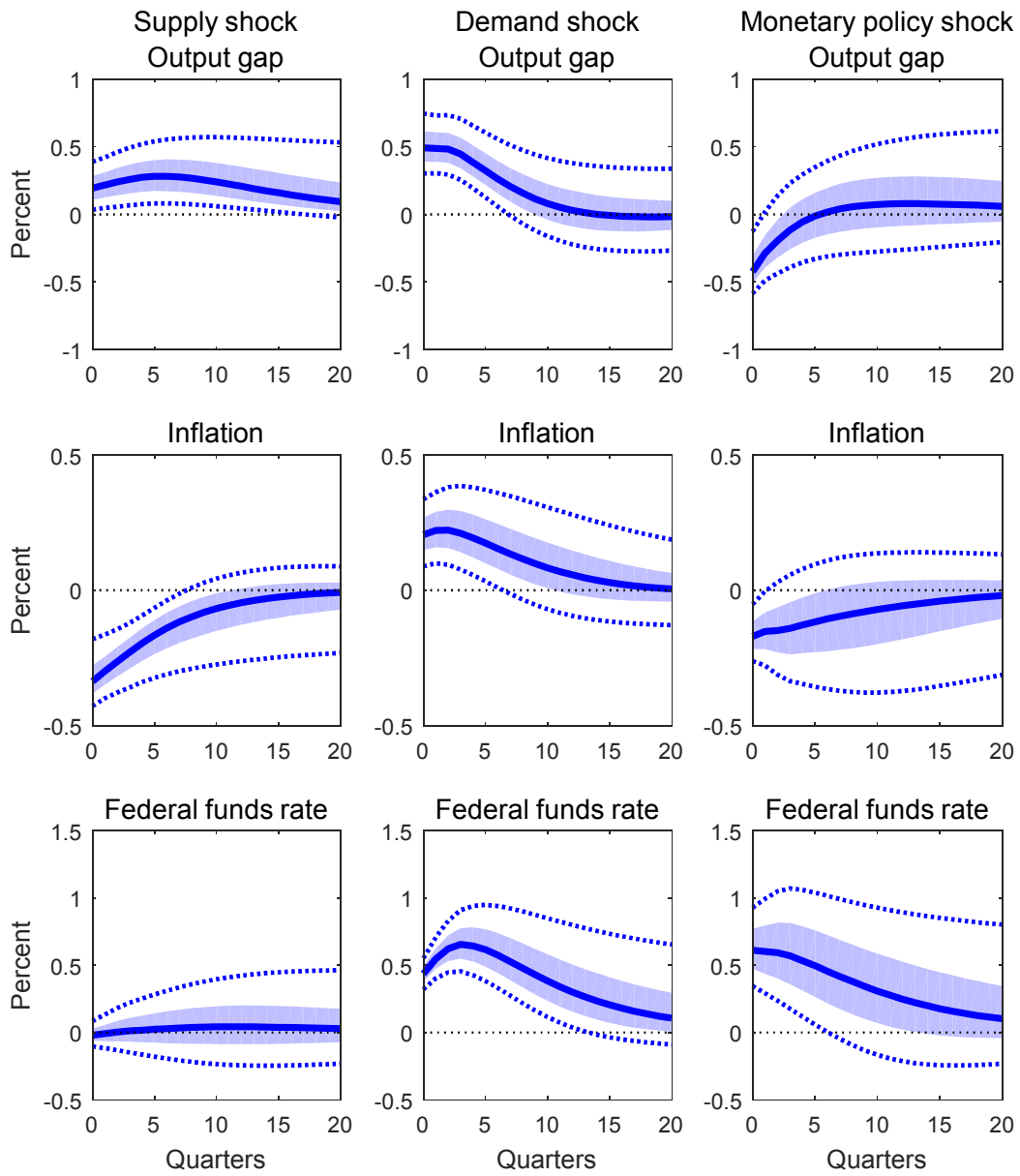


Figure D4. Impulse-response functions for 3-variable VAR with uninformative prior for ψ^y . Solid blue lines: posterior median. Shaded regions: 68% posterior credibility set. Dotted blue lines: 95% posterior credibility set.

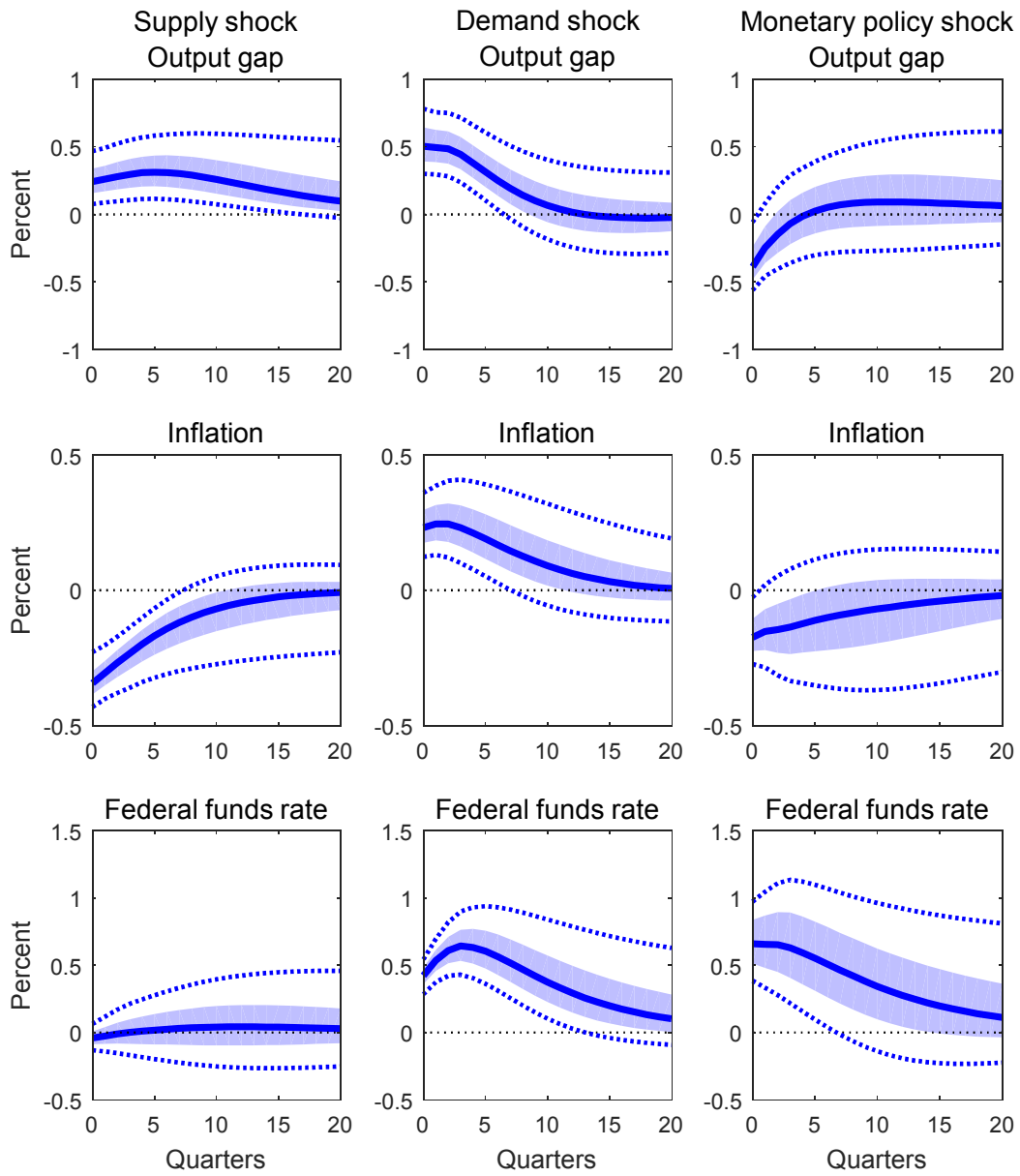


Figure D5. Impulse-response functions for 3-variable VAR with uninformative prior for ψ^π . Solid blue lines: posterior median. Shaded regions: 68% posterior credibility set. Dotted blue lines: 95% posterior credibility set.

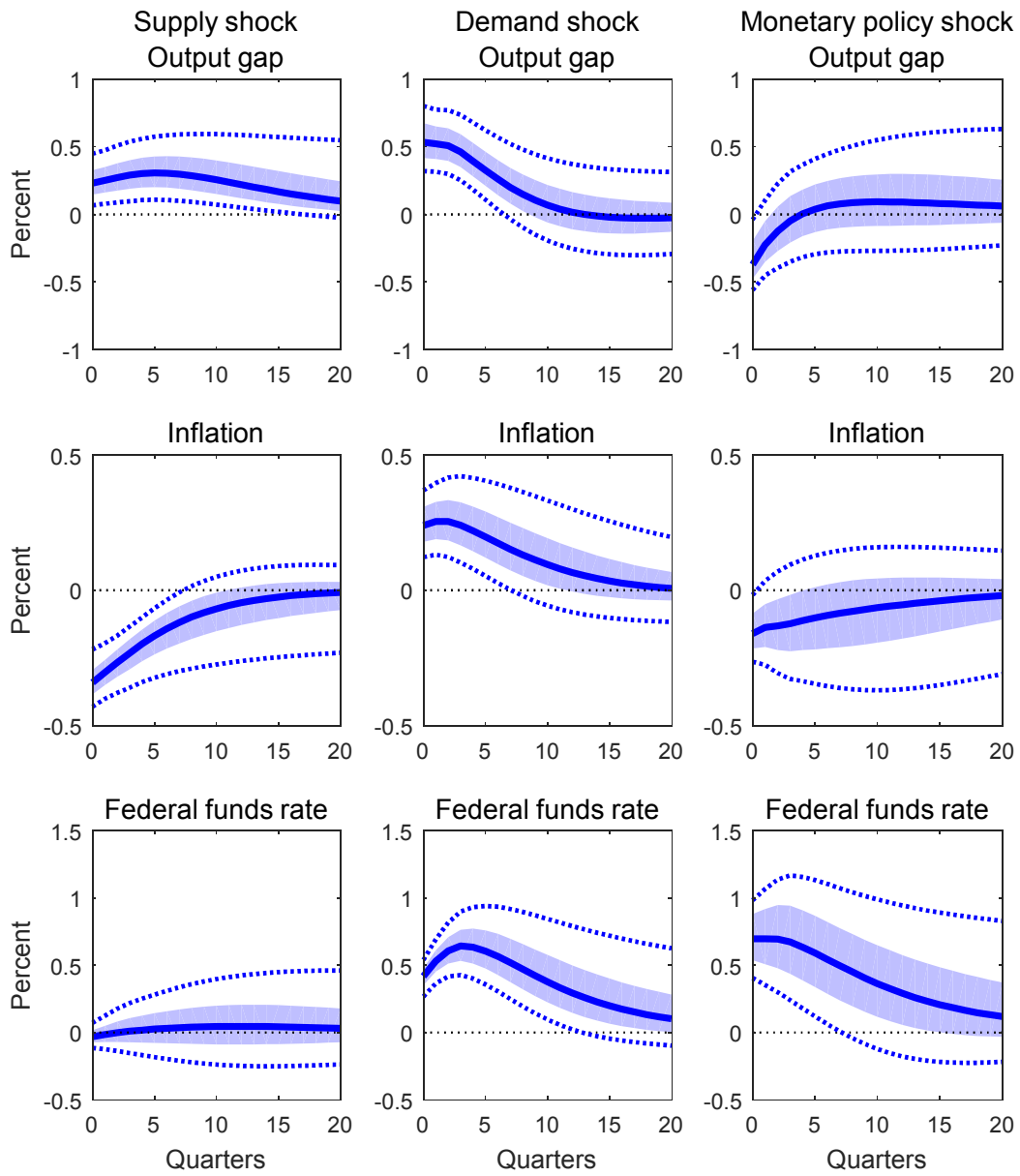


Figure D6. Impulse-response functions for 3-variable VAR with uninformative prior for ρ . Solid blue lines: posterior median. Shaded regions: 68% posterior credibility set. Dotted blue lines: 95% posterior credibility set.

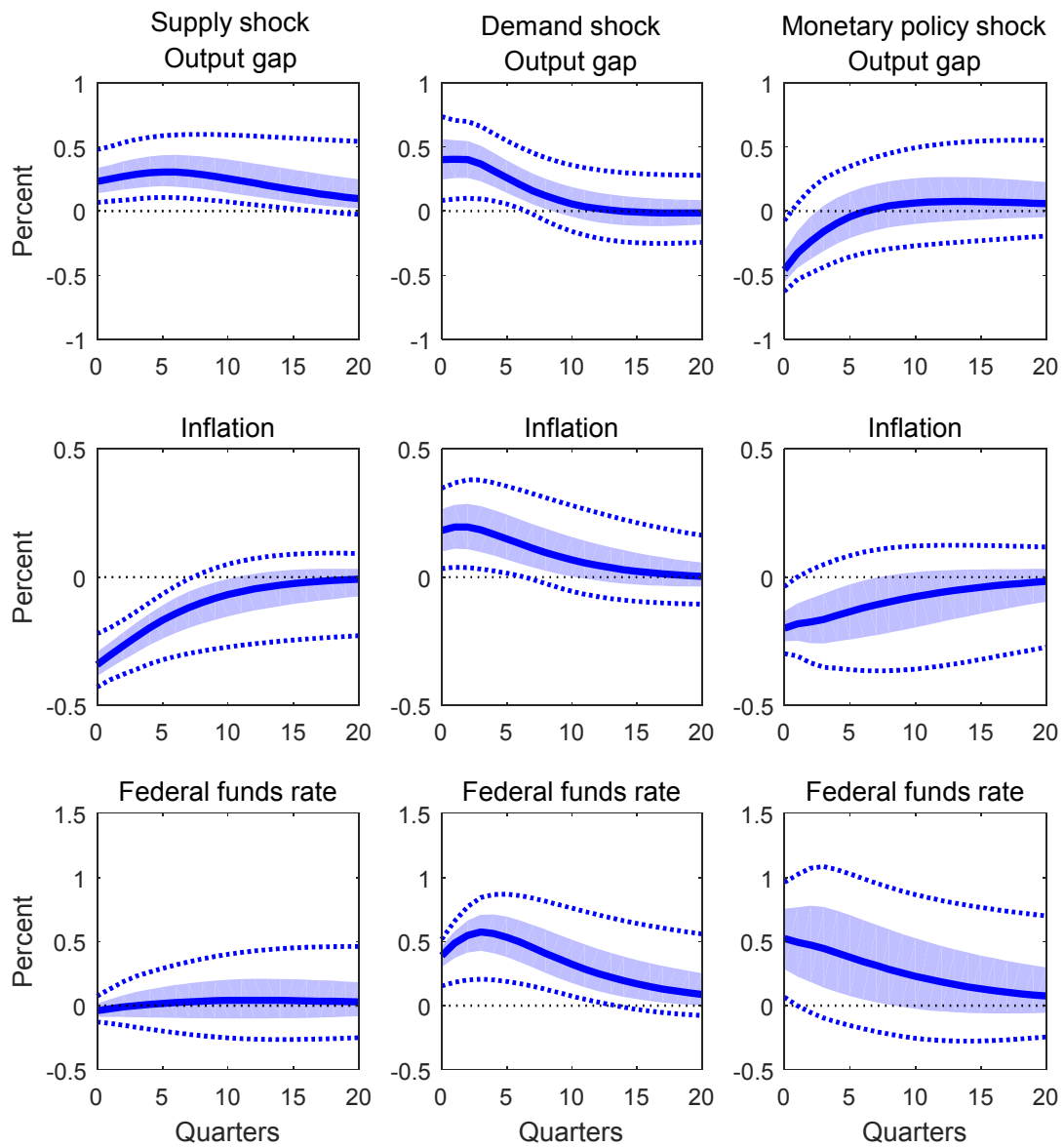


Figure D7. Impulse-response functions for 3-variable VAR without constraints h_1 and h_2 . Solid blue lines: posterior median. Shaded regions: 68% posterior credibility set. Dotted blue lines: 95% posterior credibility set.

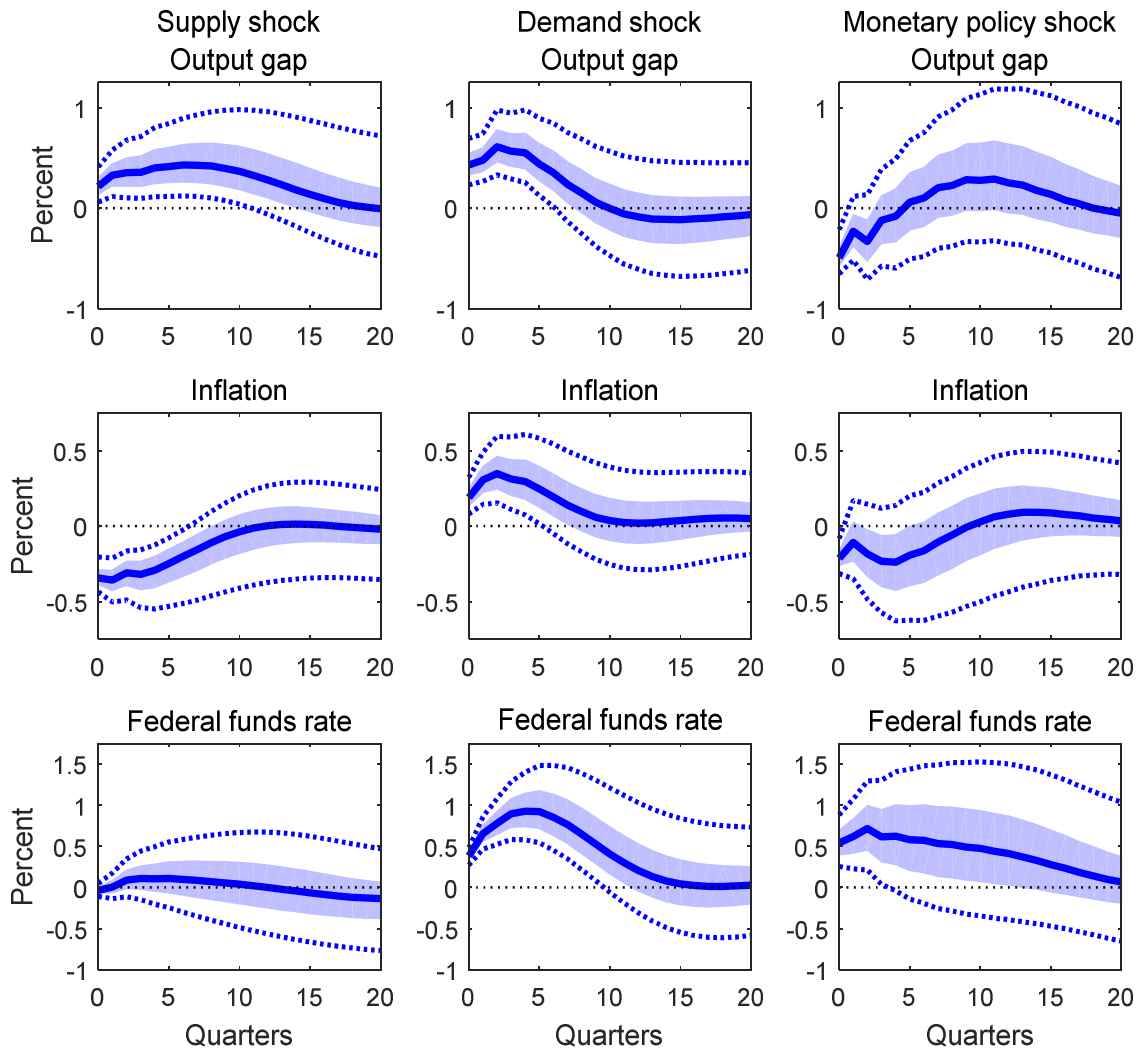


Figure D8. Impulse-response functions for 3-variable VAR with uninformative prior for λ_0 . Solid blue lines: posterior median. Shaded regions: 68% posterior credibility set. Dotted blue lines: 95% posterior credibility set.

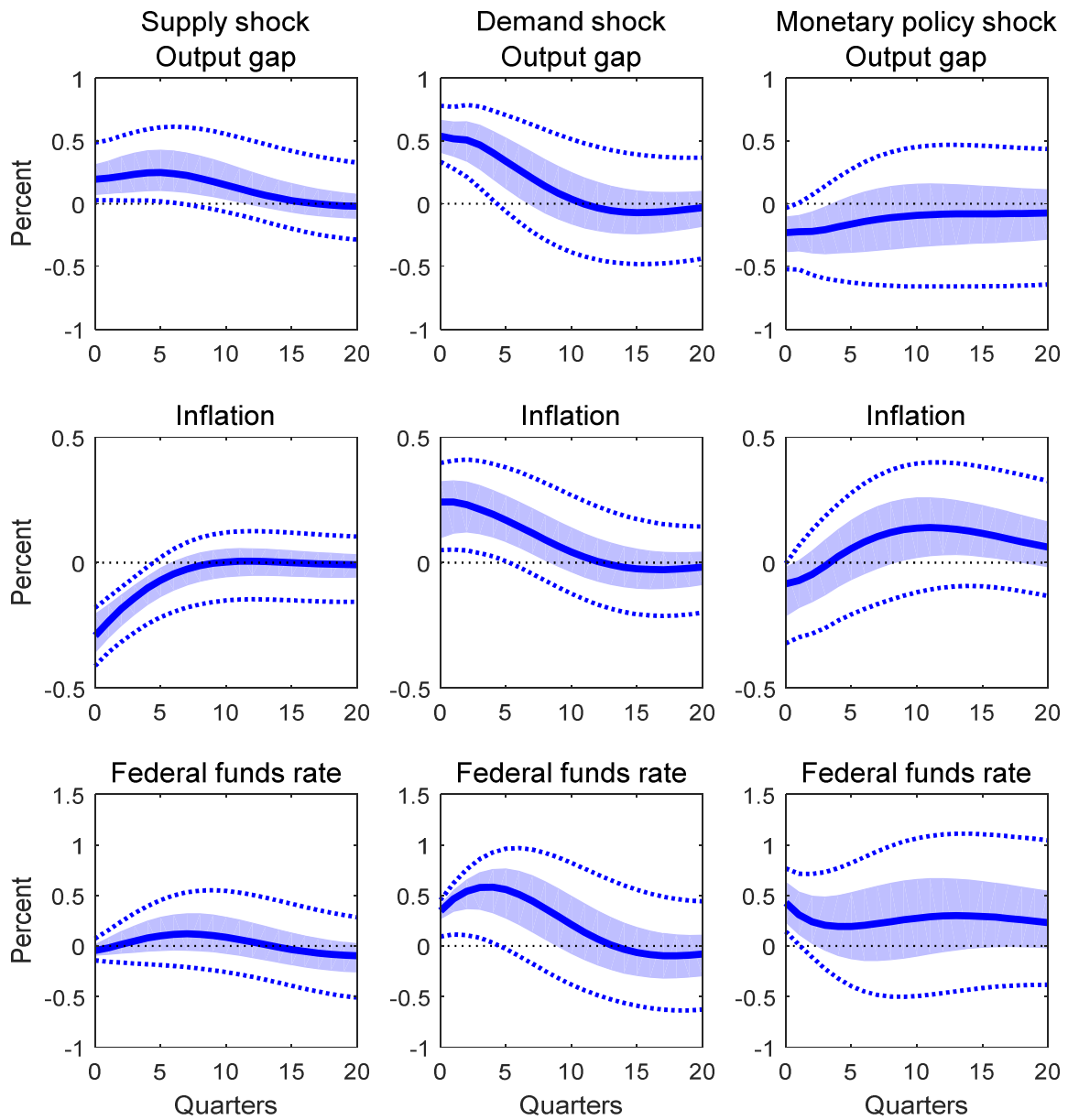


Figure D9. Impulse-response functions for 6-variable VAR with Student $t(0,1,3)$ priors on additional elements in A and truncated Student $t(0,1,3)$ priors on the third column of H . Solid blue lines: posterior median. Shaded regions: 68% posterior credibility set. Dotted blue lines: 95% posterior credibility set.

Monetary policy shock

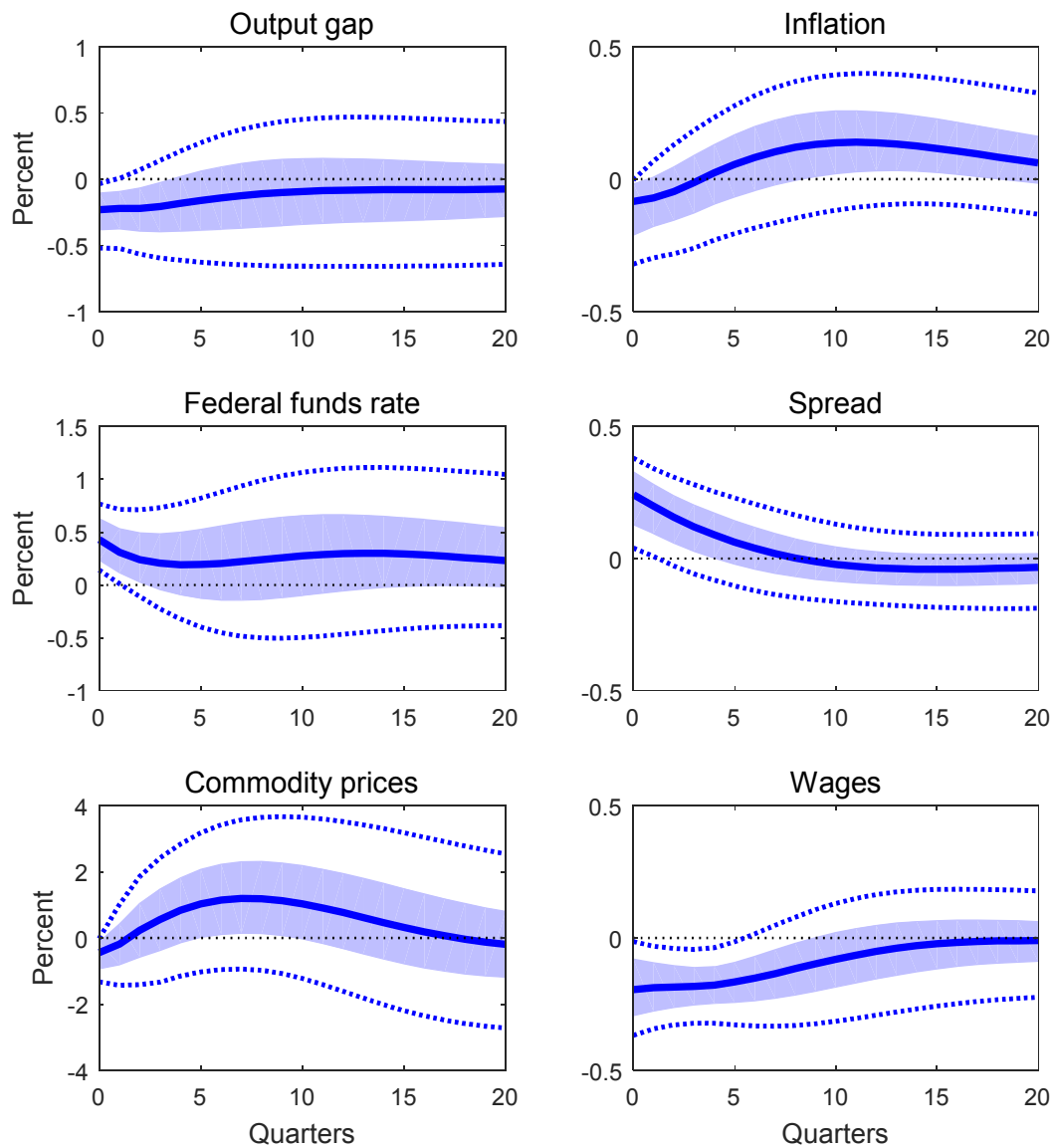


Figure D10. Impulse-response functions to a monetary policy shock for 6-variable VAR with Student $t(0,1,3)$ priors on additional elements in A and truncated Student $t(0,1,3)$ priors on the third column of H.

Solid blue lines: posterior median. Shaded regions: 68% posterior credibility set.

Dotted blue lines: 95% posterior credibility set.