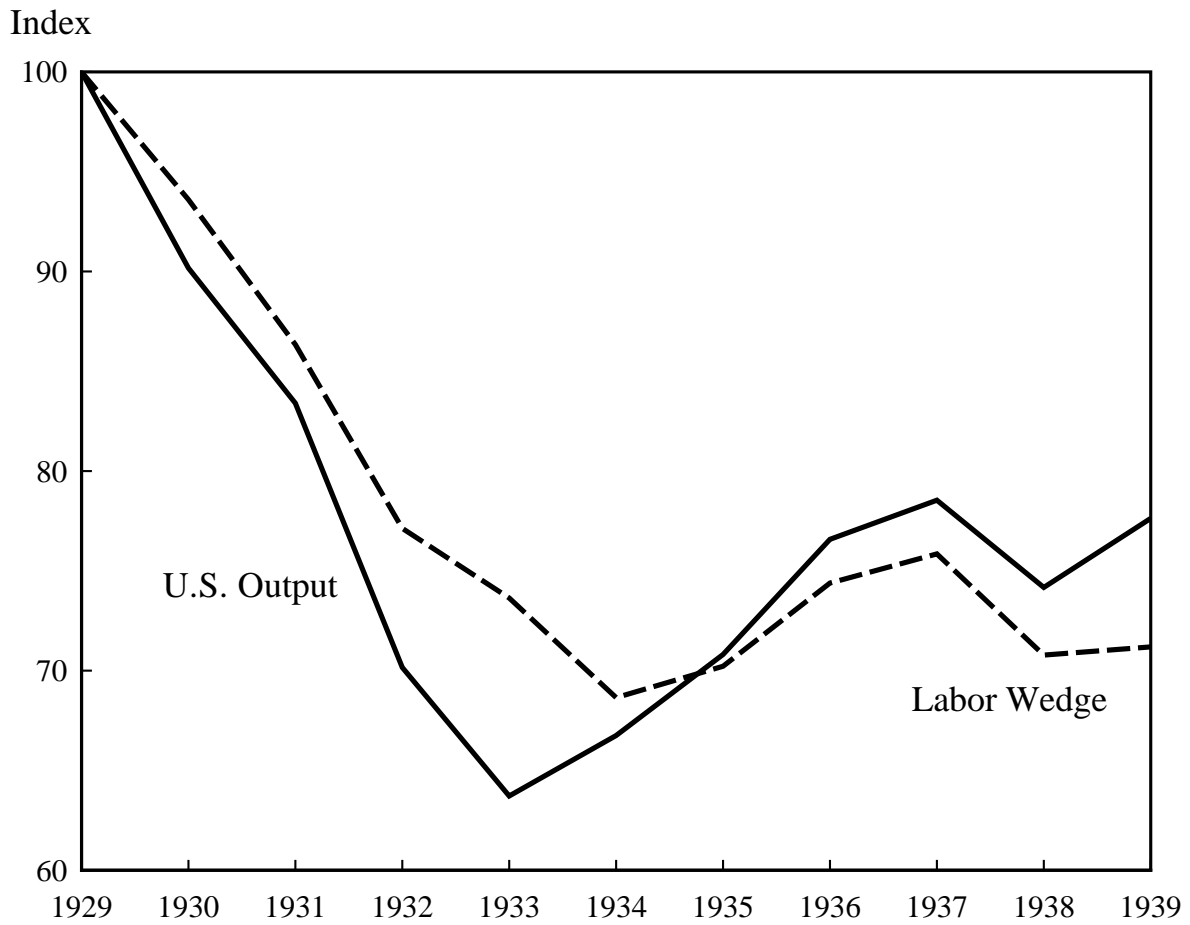


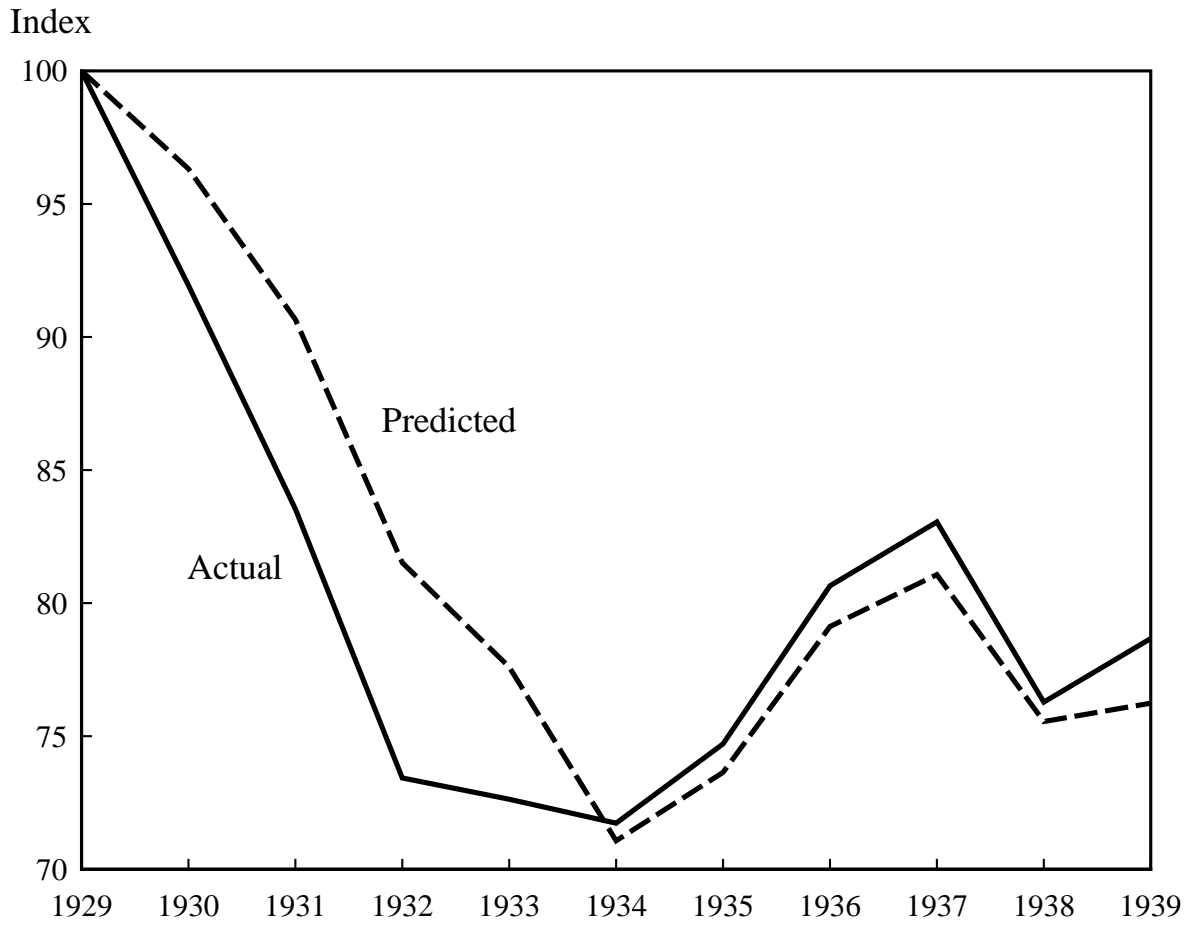
FIGURE 1A. U.S. OUTPUT AND THE MEASURED LABOR WEDGE  
Annual 1929–39, Series Normalized to Equal 100 in 1929



Source: Chari, Kehoe, and McGrattan (2007)

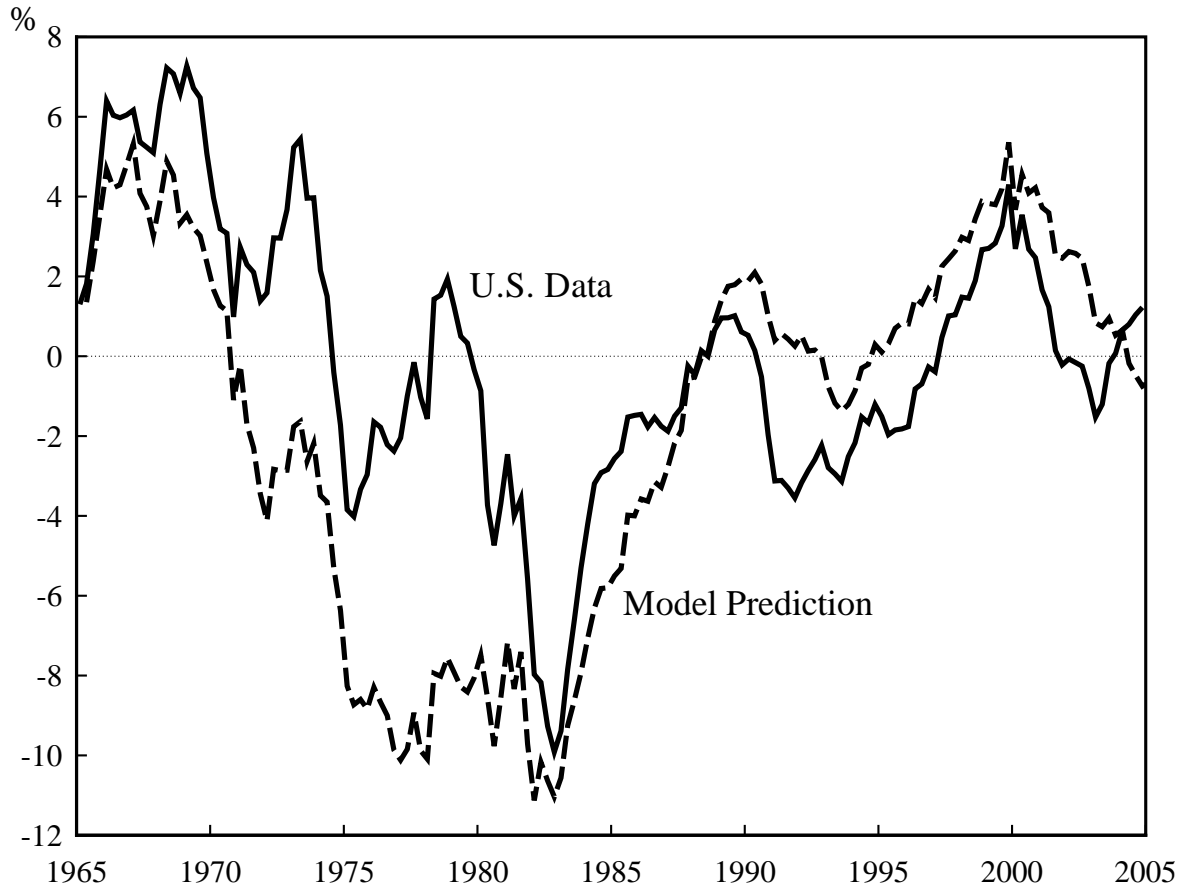
FIGURE 1B. U.S. LABOR AND PREDICTION OF MODEL  
WITH JUST THE LABOR WEDGE

Annual 1929–39, Series Normalized to Equal 100 in 1929



Source: Chari, Kehoe, and McGrattan (2007)

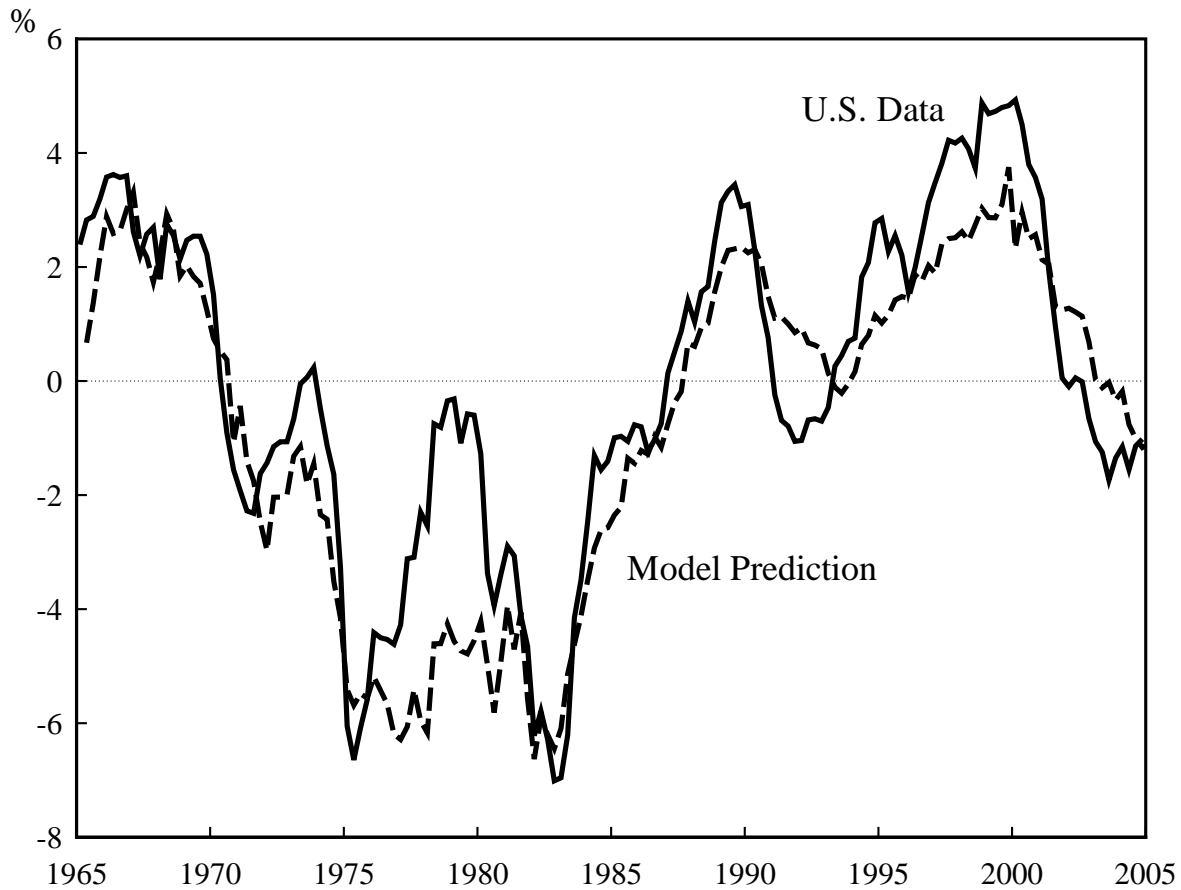
FIGURE 2A. U.S. OUTPUT AND PREDICTION OF SMETS-WOUTERS  
(2007) MODEL WITH THE DUBIOUSLY STRUCTURAL SHOCKS\*  
Quarterly Percentage Changes, 1965–2005, Series Logged and Detrended



\*The dubiously structural shocks include the wage-markup shock, the price-markup shock, the exogenous spending shock, and the risk premium shock.

Source of Actual Data: See Smets and Wouters (2007).

FIGURE 2B. U.S. HOURS AND PREDICTION OF SMETS-WOUTERS  
(2007) MODEL WITH THE DUBIOUSLY STRUCTURAL SHOCKS\*  
Quarterly Percentage Changes, 1965–2005, Series Logged and Demeaned

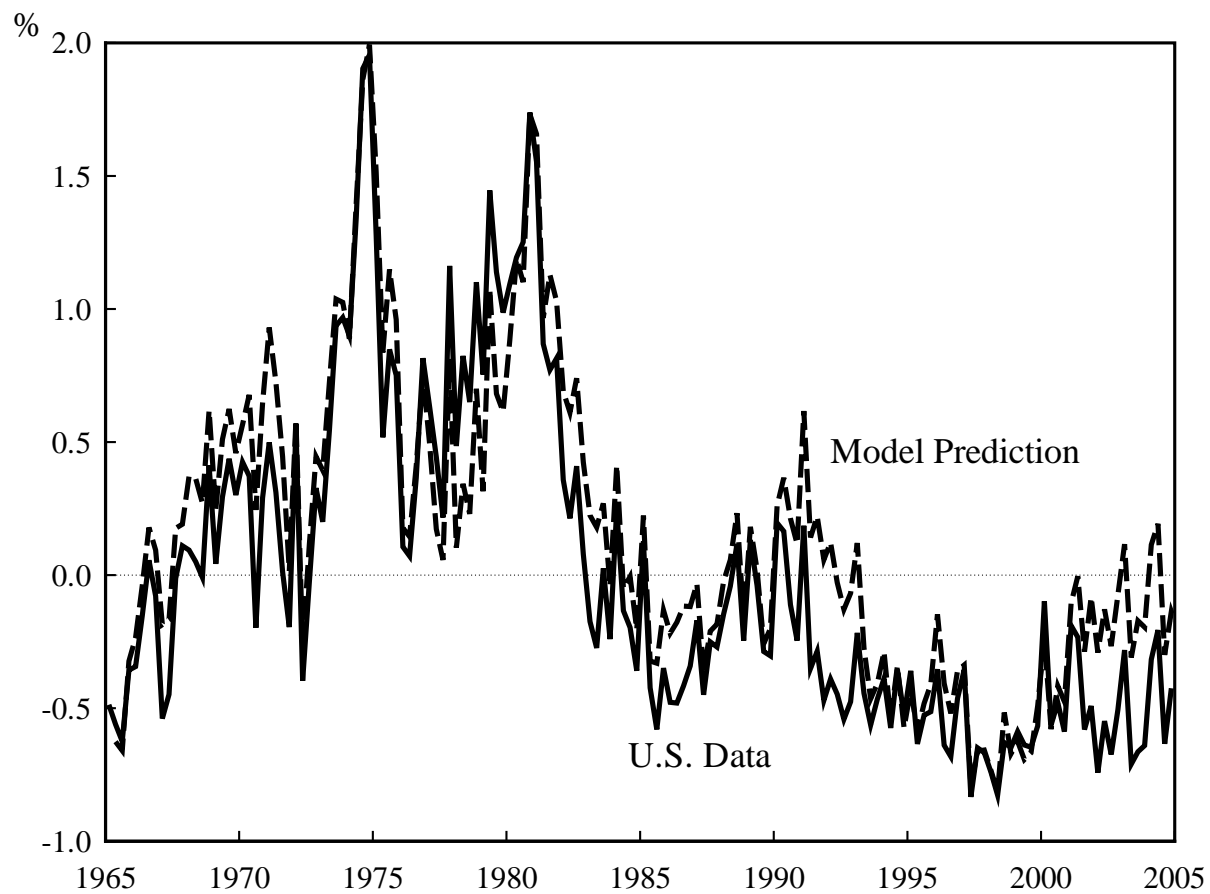


\*The dubiously structural shocks include the wage-markup shock, the price-markup shock, the exogenous spending shock, and the risk premium shock.

Source of Actual Data: See Smets and Wouters (2007).

FIGURE 2C. U.S. INFLATION AND PREDICTION OF SMETS-WOUTERS  
(2007) MODEL WITH THE DUBIOUSLY STRUCTURAL SHOCKS\*

Quarterly, 1965–2005, Series Demeaned

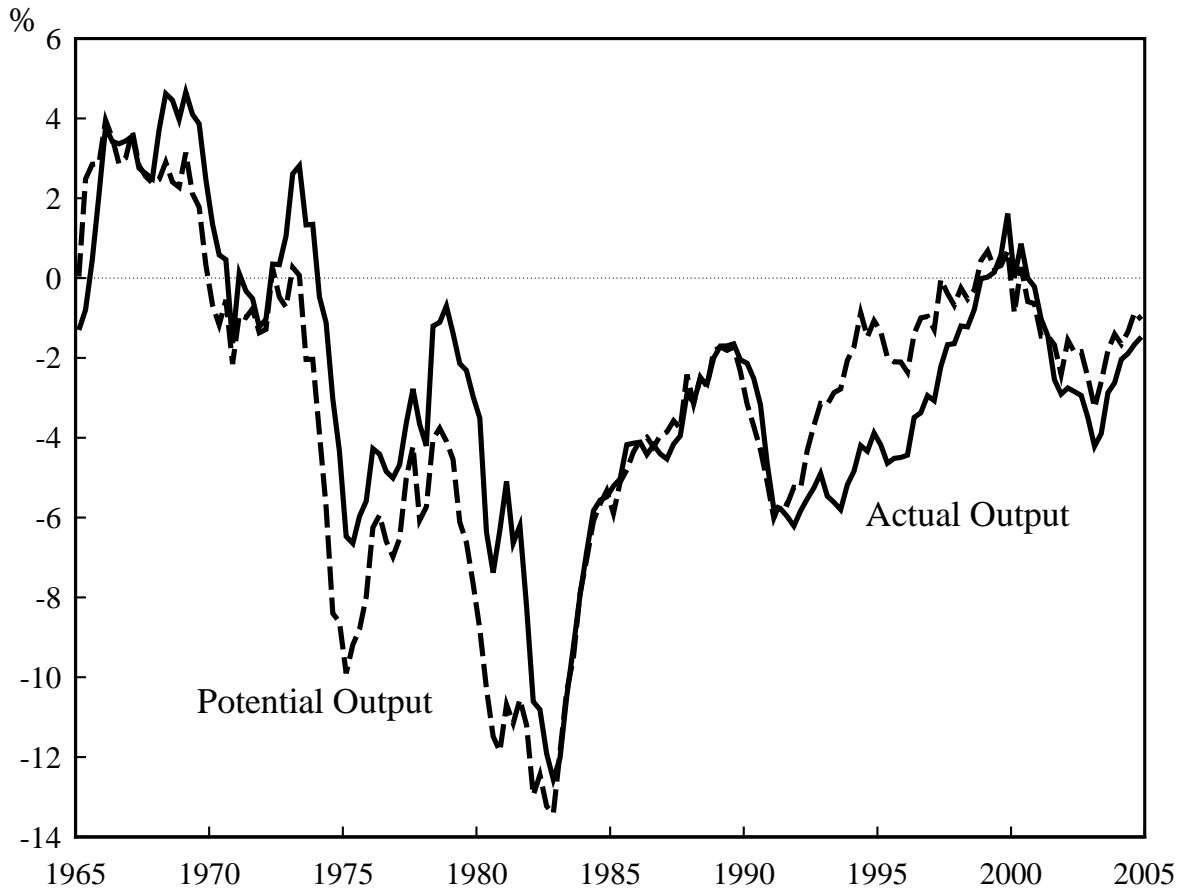


\*The dubiously structural shocks include the wage-markup shock, the price-markup shock, the exogenous spending shock, and the risk premium shock.

Source of Actual Data: See Smets and Wouters (2007).

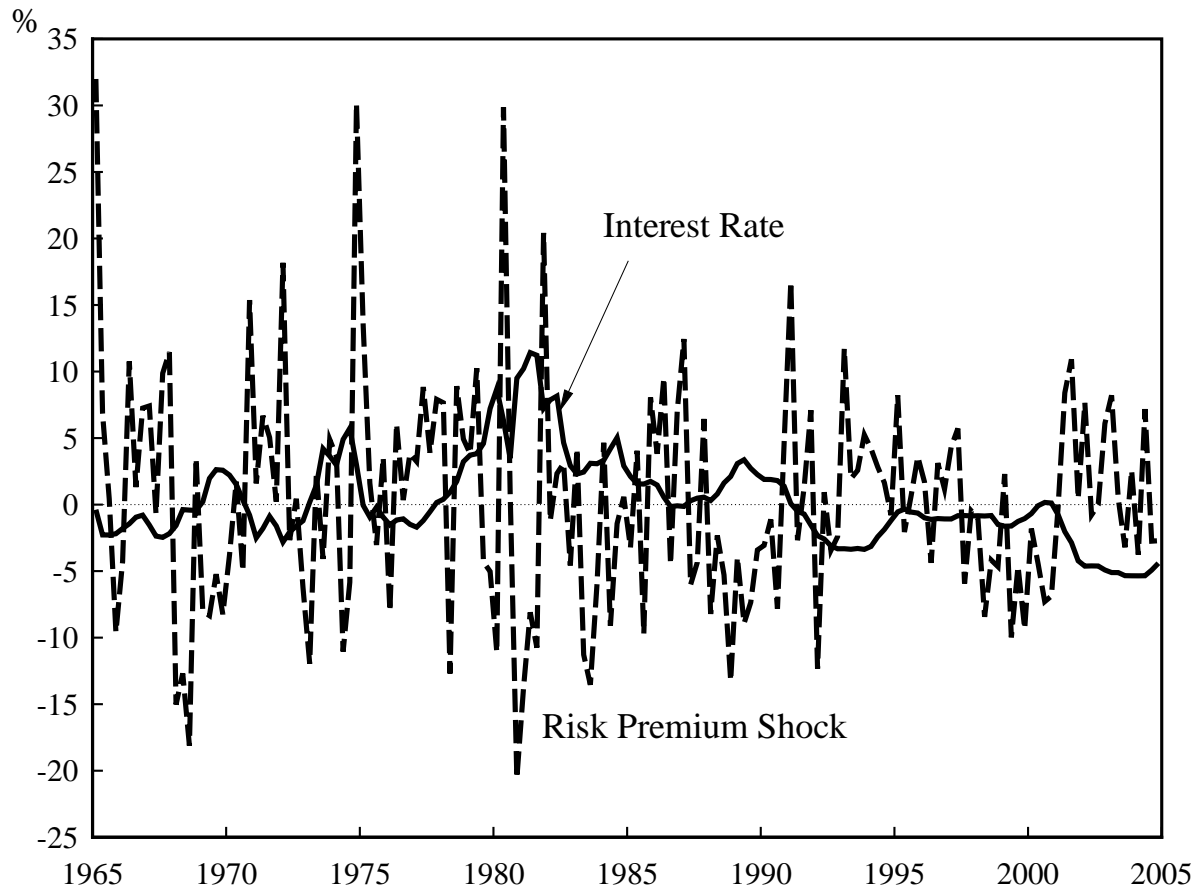
FIGURE 3. U.S. OUTPUT AND POTENTIAL OUTPUT IN VERSION  
OF SMETS-WOUTERS (2007) MODEL WITH AR(1) TASTE  
SHOCKS AND I.I.D. WAGE-MARKUP SHOCKS

Quarterly Percentage Changes, 1965–2005, Series Logged and Detrended



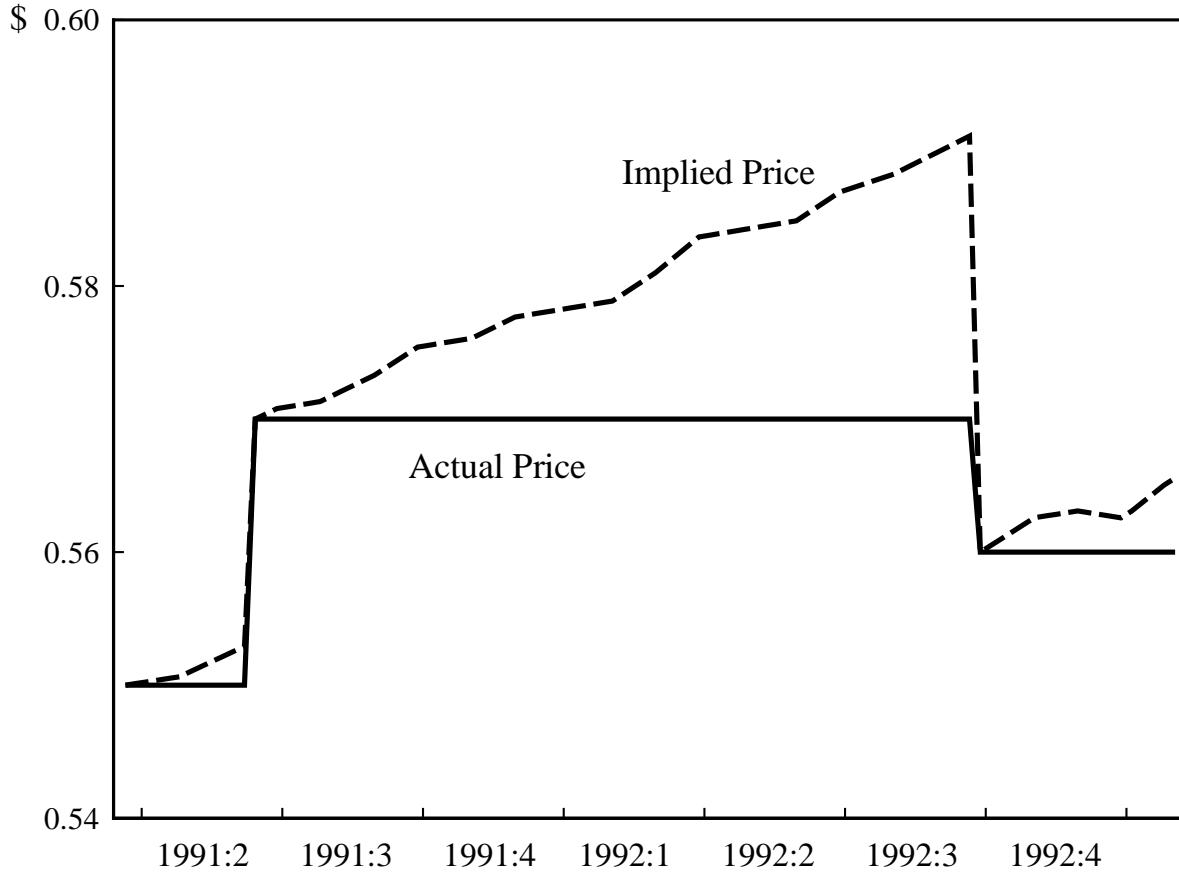
Source of Actual Data: See Smets and Wouters (2007).

FIGURE 4. ANNUALIZED INTEREST RATE AND RISK PREMIUM SHOCK  
OF THE SMETS-WOUTERS (2007) MODEL  
Quarterly 1965–2005, Series Demeaned



Source of Actual Data: See Smets and Wouters (2007).

FIGURE 5. PRICE OF ANGEL SOFT BATHROOM TISSUE AT CHICAGO'S DOMINICK'S  
FINER FOODS AND PRICE IMPLIED BY BACKWARD INDEXATION  
Weekly, from Week 11 of 1991 to Week 5 of 1993



Source of Actual Data: University of Chicago, Kilts Center for Marketing