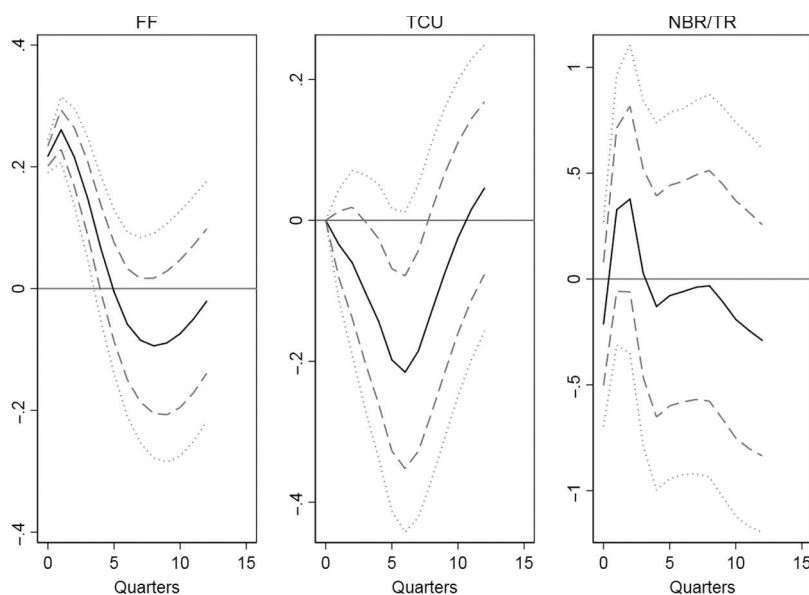


## A Online Appendix

Figure A1 plots the response of the other variables in the macro block. The left panel plots the response of the federal funds rate (the monetary policy shock driving the responses of the other variables included in our main analysis), the middle panel plots the response of total capacity utilization and the right panel plots the response of NBR/TR following a contractionary monetary policy shock. The pattern of the shock is similar to that observed by Christiano, Eichenbaum and Evans (1996), although the later sample period used in our analysis leads to the identification of a shock of smaller magnitude. Note also that the response of the total capacity utilization variable is very similar to the response of the sensitive commodity price index, a variable used in their analysis to address the price puzzle.

FIGURE A1. RESPONSE OF OTHER VARIABLES IN THE MACRO BLOCK



Notes: The figure plots the response of the federal funds rate, total capacity utilization rate and the non-borrowed reserves to total reserves to a one standard deviation increase in the effective federal funds rate in the baseline specification. The vertical axis measures the percent change in *NBR/TR*. The one-standard error bands are given by the dashed lines while the 90 percent confidence bands by the dotted lines. The sample period is 1985:Q1-2007:Q4. The VAR is ordered as  $[GDP\ TCU\ P\ FFR\ NBR/TR]'$ .