

Table 1 Aggregate Consumption Dynamics in DSGE Model

Expectations:Dep Var Independent Variables			OLS or IV	2nd Stage \bar{R}^2	IV F p -val IV OID
Frictionless: $\Delta \log \mathbf{C}_{t+1}$					
$\Delta \log \mathbf{C}_t$	$\Delta \log \mathbf{Y}_{t+1}$	A_t			
0.010 (0.032)			OLS	-0.001	
	0.184 (0.050)		IV	0.007	0.000 0.001
		-0.0002 (0.0001)	OLS	0.010	
-0.019 (0.027)	0.152 (0.052)	-0.0002 (0.0001)	IV	0.007	
Sticky					
$\Delta \log \bar{\mathbf{C}}_t$	$\Delta \log \bar{\mathbf{Y}}_{t+1}$	\bar{A}_t			
0.823 (0.018)			OLS	0.677	
$\Delta \log \tilde{\mathbf{C}}_t$					
0.387 (0.030)			OLS	0.141	
0.845 (0.042)			IV	0.422	0.000 0.210
	0.815 (0.025)		IV	0.395	0.000 0.000
		-0.0004 (0.0000)	OLS	0.115	
0.750 (0.148)	0.065 (0.146)	-0.0001 (0.0000)	IV	0.423	0.126
Memo: For instruments \mathbf{Z}_t , $\Delta \log \mathbf{C}_{t+1} = \mathbf{Z}_t \zeta$, $R^2 =$				0.425	

See notes for previous table.