

Marcel - Nicolini AER 2003

Marcel - Sayt 1989

Zha - Williams - Sayt 200?

$$\frac{M_t}{P_t} = \phi - \alpha \phi \frac{P_{t+1}}{P_t} \quad \text{if } 1 - \alpha \frac{P_{t+1}}{P_t} > 0$$

$$M_t = M_{t-1} + d_t P_t$$

$$\left(\frac{M_t - M_{t-1}}{P_t} = d_t \right)$$

$$\frac{P_t}{P_{t-1}} = \beta_t$$

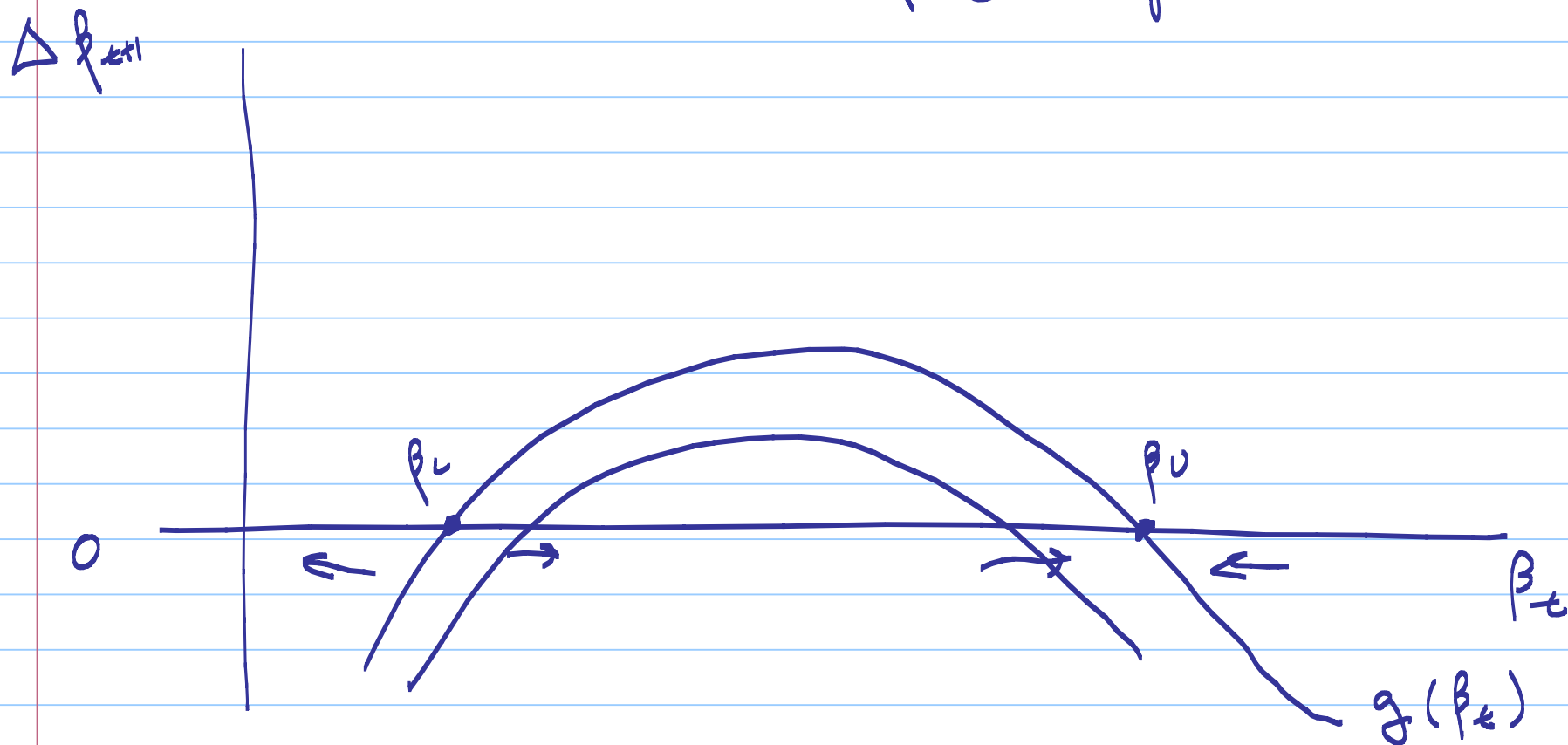
After 10 lines of algebra —

$$\Delta \beta_{t+1} = \beta_{t+1} - \beta_t$$

Under rational expectations

$$\Delta \beta_{t+1} = g(\beta_t; d)$$

perfect foresight on
r & e dynamics

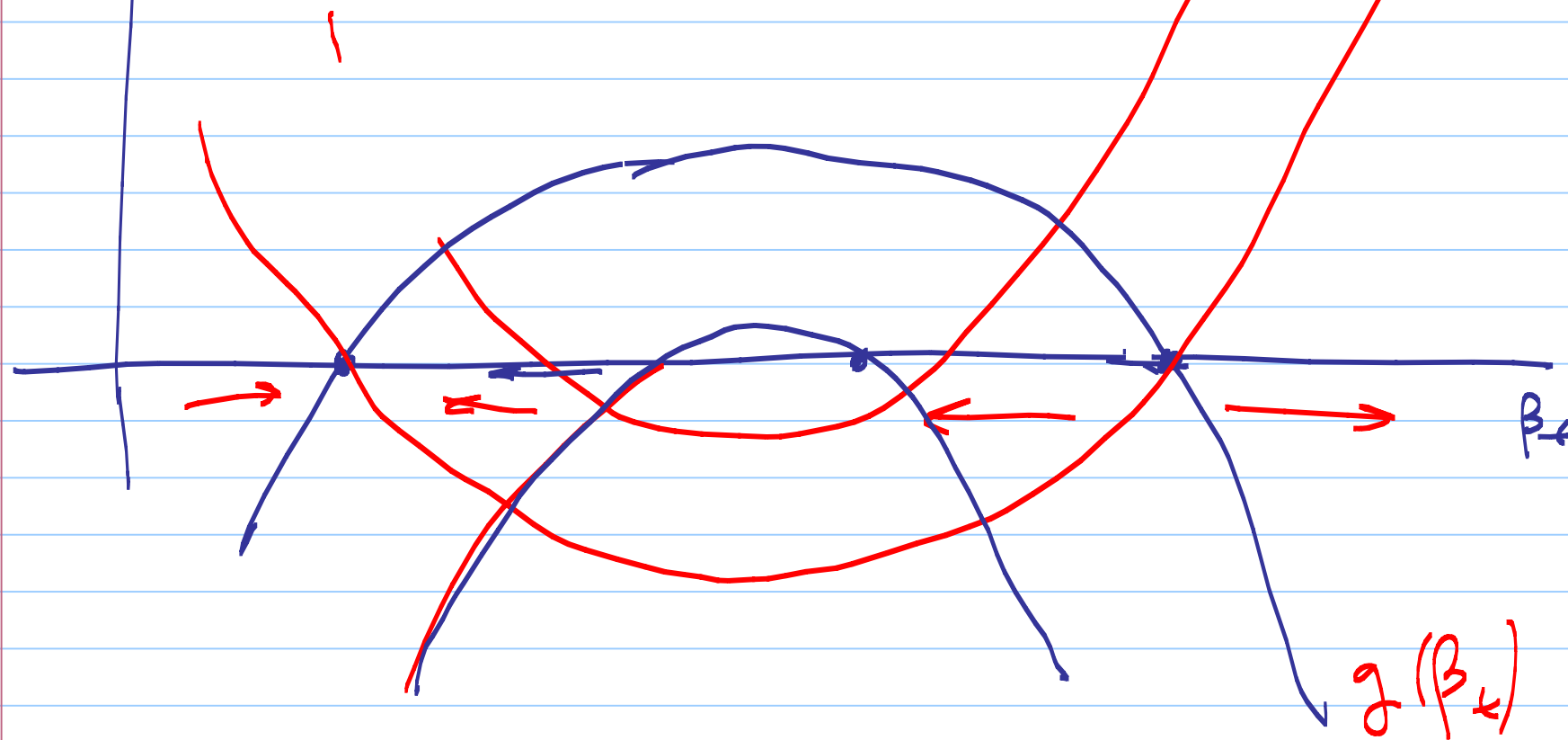


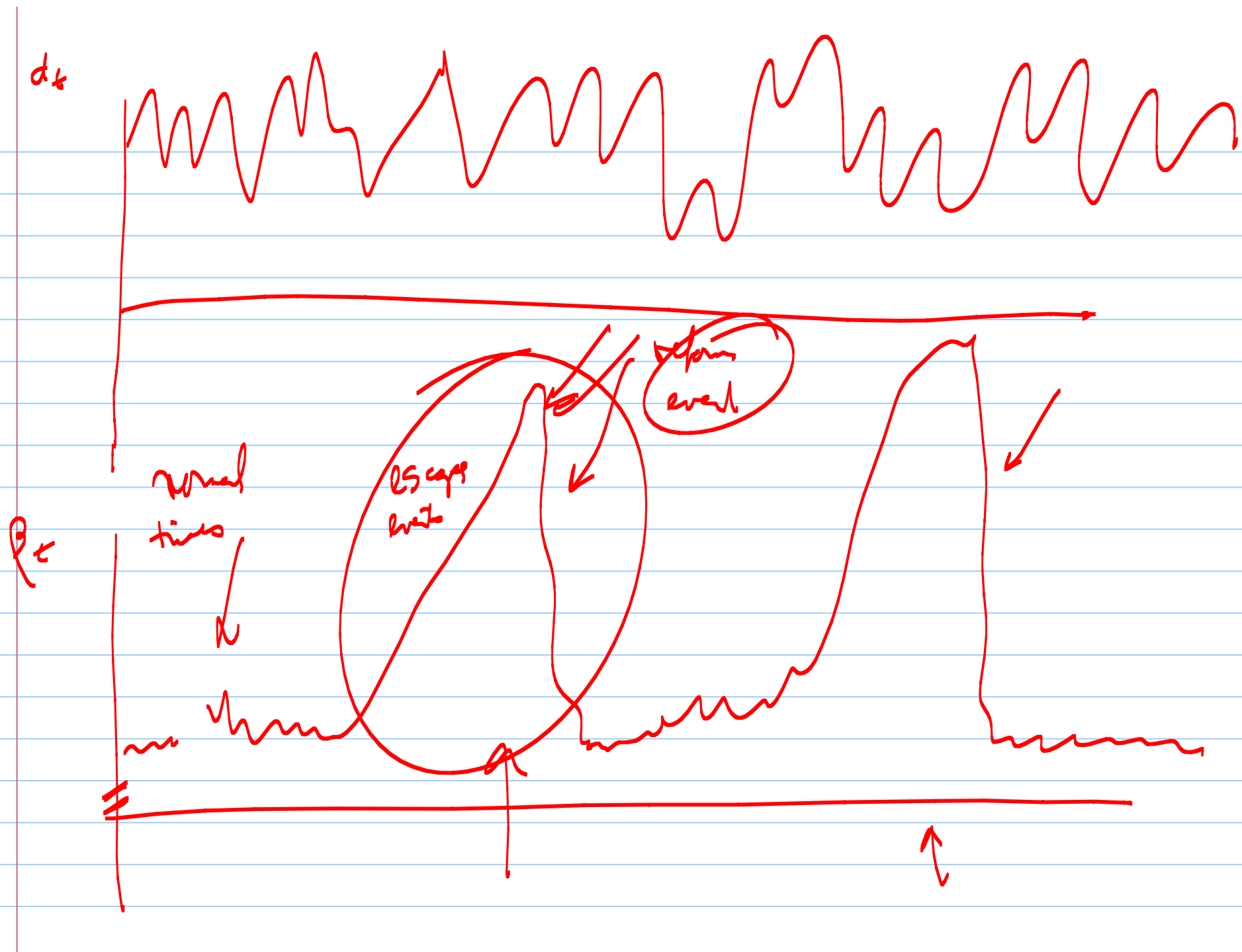
$\Delta \beta_{t+1}$

$$\Delta \beta_{t+1} = h(\beta_t; d) \quad , h \text{ l.s.}$$

$$d_t = \bar{d} + \sum d_t$$

$h(\beta_t)$





ad hoc