Accepted Manuscript

Measurement Errors and Monetary Policy: Then and Now

Pooyan Amir-Ahmadi, Christian Matthes, Mu-Chun Wang

PII: S0165-1889(17)30074-X
DOI: 10.1016/j.jedc.2017.03.015
Reference: DYNCON 3425

To appear in: *Journal of Economic Dynamics & Control*

Received date: 11 March 2016
Revised date: 3 March 2017
Accepted date: 30 March 2017

Please cite this article as: Pooyan Amir-Ahmadi, Christian Matthes, Mu-Chun Wang, Measurement Errors and Monetary Policy: Then and Now, *Journal of Economic Dynamics & Control* (2017), doi: 10.1016/j.jedc.2017.03.015

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

ACCEPTED MANUSCRIPT

Measurement Errors and Monetary Policy: Then and Now

Pooyan Amir-Ahmadi*
University of Illinois at Urbana-Champaign
Christian Matthes
Federal Reserve Bank of Richmond
Mu-Chun Wang
University of Hamburg

April 11, 2017

Abstract

Should policymakers and applied macroeconomists worry about the difference between real-time and final data? We tackle this question by using a Bayesian VAR with time-varying parameters and stochastic volatility to show that the distinction between real-time data and final data matters for the impact of monetary policy shocks: The impact on final data is substantially and systematically different (in particular, larger in magnitude for different measures of real activity) from the impact on real-time data. These differences have persisted over the last 40 years and should be taken into account when conducting or studying monetary policy.

Keywords: real-time data, time-varying parameters, stochastic volatility, impulse responses

ACCEPTED MANUSCRIPT

*We would like to thank Fabio Canova, Tim Cogley, and Dean Croushore as well as participants at the 2015 IAAE conference and the Cirano workshop on real-time data in Montreal for their comments. Miki Doan, Marisa Reed and Daniel Tracht provided excellent research assistance. The views expressed in this paper are those of the authors and do not necessarily reflect those of the Federal Reserve Bank of Richmond or the Federal Reserve System.

Download English Version:

https://daneshyari.com/en/article/5098022

Download Persian Version:

https://daneshyari.com/article/5098022

Daneshyari.com