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# Are price hazard functions really decreasing functions in Brazil?\*

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## Abstract

I examine the slope of the price hazard function using microdata for the Brazilian consumer price index. I estimate the price hazard function slope by considering heterogeneity among the items and using a Weibull model with frailty and a finite mixture model (FMM). As in the literature, my results reproduce decreasing hazard functions using a simple Weibull model. However, when I consider heterogeneity among items (using either a Weibull model with frailty or an FMM), the evidence suggests an increasing hazard function. The comparison of the hazard function of the estimated models with the empirical hazard function indicates that the best fit is the Weibull model with frailty, besides the presence of heterogeneity.

*Keywords:* Hazard Function; Heterogeneity; Finite Mixture Model.

*JEL classification:* E31, C41

## 1 Introduction

Macroeconomic models are used to suggest economic policies and discuss their consequences. Macroeconomics faces the challenge of building

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