Figure 1. Estimated Dynamic Response to a Monetary Policy Shock

Federal funds rate

GDP
g

GDP deflator

M2

Source: Christiano, Eichenbaum and Evans (1999)
Figure 1 - Examples of individual price trajectories (French and Italian CPI data)

Note: Actual examples of trajectories, extracted from the French and Italian CPI databases. The databases are described in Baudry et al. (2004) and Votomeise et al. (2005). Prices are in levels, denominated in French Francs and Italian Lira respectively. The dotted lines indicate events of price changes.

Source: Dhvne et al. WP 05