

**STICKY EXPECTATIONS AND C DYNAMICS
EMPIRICAL RESULTS TEMPLATE**

TABLE 1. Aggregate Consumption Dynamics in US Data

$\Delta \log \mathbf{C}_{t+1} = \varsigma + \chi \Delta \log \mathbf{C}_t + \eta \mathbb{E}_t[\Delta \log \mathbf{Y}_{t+1}] + \alpha A_t + \epsilon_{t+1}$					
Measure of Consumption Independent Variables			OLS or IV	2 nd Stage \bar{R}^2	KP p -val Hansen J p val
Nondurables and Services					
$\Delta \log \mathbf{C}_t$	$\Delta \log \mathbf{Y}_{t+1}$	A_t			
0.468*** (0.076)			OLS	0.216	
0.830*** (0.098)			IV	0.278	0.222
	0.587*** (0.110)		IV	0.203	0.439
				0.319	0.263
		−0.17e−4 (5.71e−4)	IV	−0.005	
0.618*** (0.159)	0.305* (0.161)	−4.96e−4* (2.94e−4)	IV	0.304	0.415
Memo: For instruments \mathbf{Z} , $\Delta \log \mathbf{C}_{t+1} = \mathbf{Z}\zeta$, $\bar{R}^2 = 0.358$					0.825
Nondurables					
$\Delta \log \mathbf{C}_t$	$\Delta \log \mathbf{Y}_{t+1}$	A_t			
0.200*** (0.058)			OLS	0.036	
0.762*** (0.284)			IV	0.083	0.504
	0.849** (0.357)		IV	0.061	0.727
				0.731	0.398
		9.09e−4 (9.05e−4)	IV	0.008	
0.620** (0.292)	0.313 (0.286)	−3.25e−4 (8.32e−4)	IV	0.077	0.523
Memo: For instruments \mathbf{Z} , $\Delta \log \mathbf{C}_{t+1} = \mathbf{Z}\zeta$, $\bar{R}^2 = 0.080$					0.821

Time frame: 1960Q1–2016Q4

Notes: Data source is NIPA, 1960Q1–2016Q. Robust standard errors are in parentheses. Instruments $\mathbf{Z}_t = \{\Delta \log \mathbf{C}_{t-2}, \Delta \log \mathbf{C}_{t-3}, \Delta \log \mathbf{Y}_{t-2}, \Delta \log \mathbf{Y}_{t-3}, A_{t-2}, A_{t-3}, \Delta_8 \log \mathbf{C}_{t-2}, \Delta_8 \log \mathbf{Y}_{t-2}, \text{lags 2 and 3 of differenced Fed funds rate, lags 2 and 3 of the Michigan Index of Consumer Sentiment Expectations}\}$. The penultimate column reports the \bar{R}^2 from a regression of the dependent variable on the RHS variables (instrumented, when indicated); the final column reports two tests of instrument validity: The p -value from the Kleibergen–Paap Wald rk F statistic of first-stage instrument validity (top), and the p -value from the Hansen–Sargan overidentification test (bottom). $\{*, **, ***\}$ = Statistical significance at $\{10, 5, 1\}$ percent.