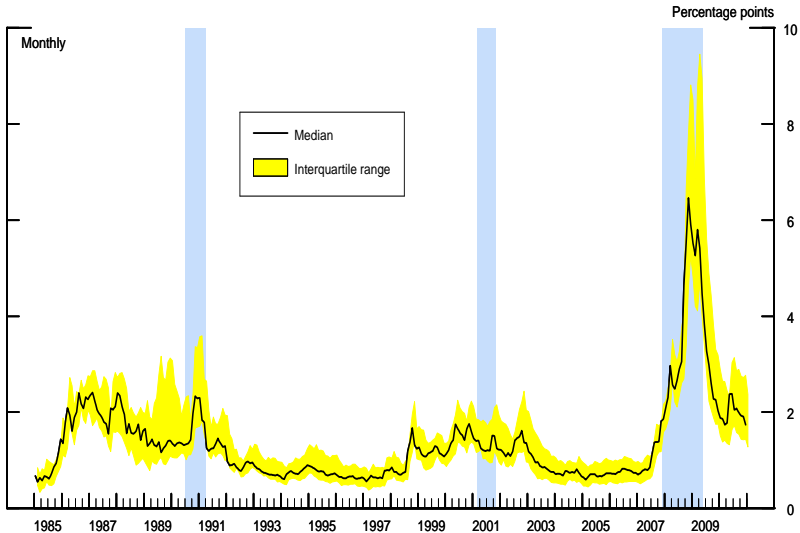


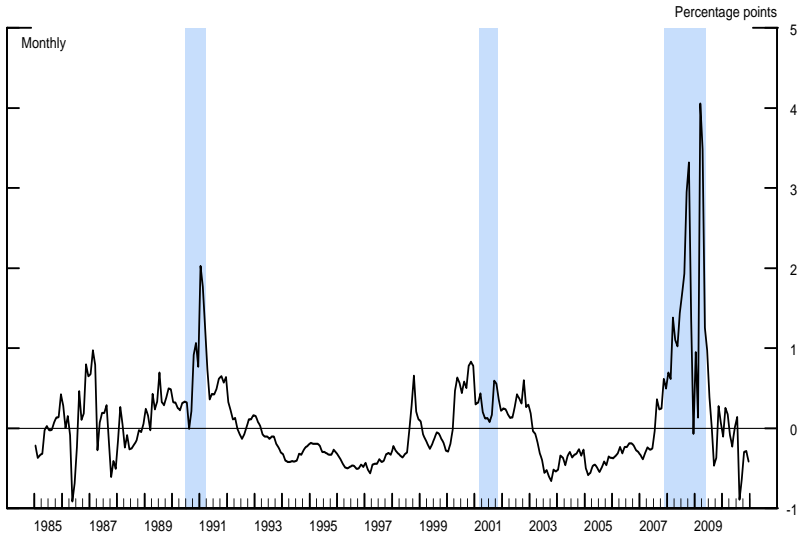
# FINANCIAL INTERMEDIARY CREDIT SPREADS

(Jan1985–Dec2010)



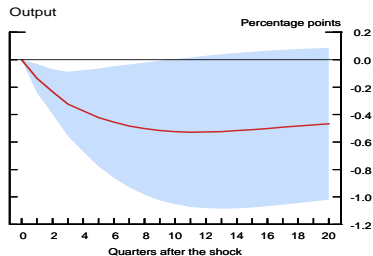
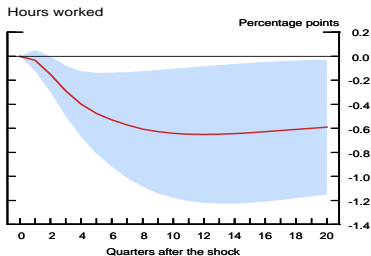
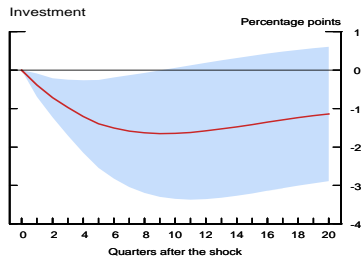
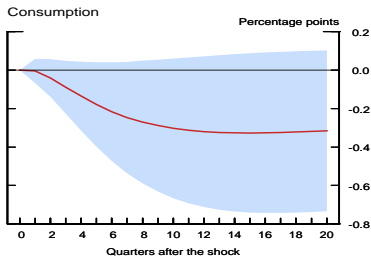
# FINANCIAL BOND PREMIUM (FBP)

(Jan1985–Dec2010)



# IMPLICATIONS OF AN ADVERSE FINANCIAL SHOCK

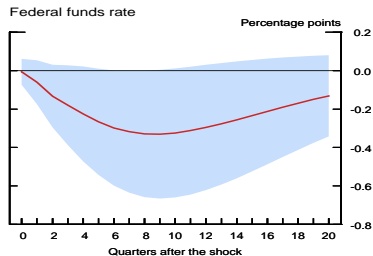
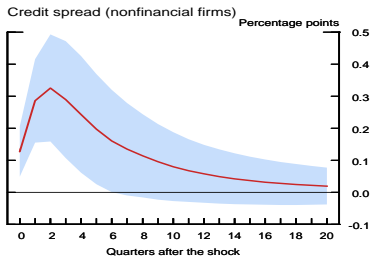
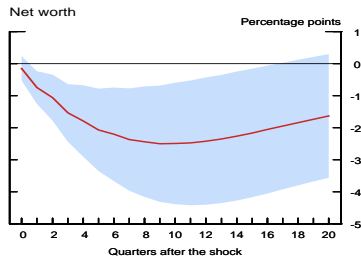
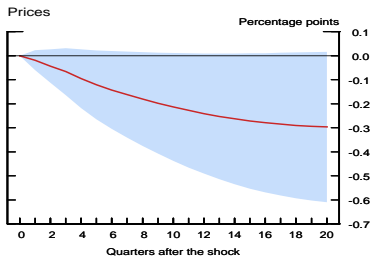
## Real Economic Activity



NOTE: Shaded bands denote 95-percent confidence intervals.

# IMPLICATIONS OF AN ADVERSE FINANCIAL SHOCK

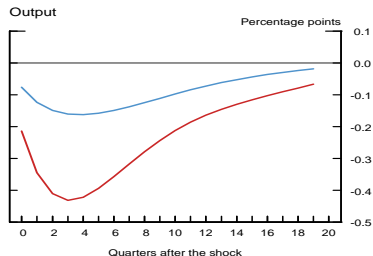
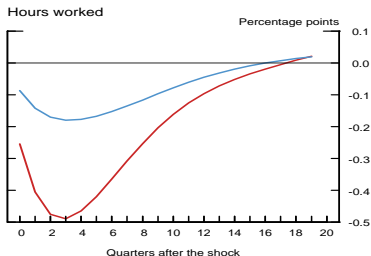
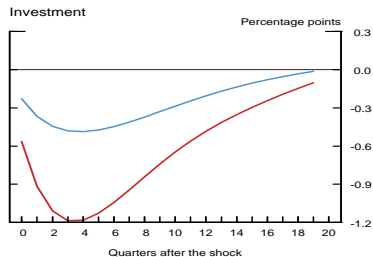
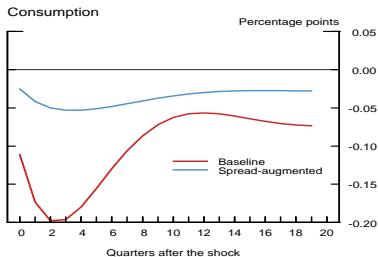
## Prices, Corporate Balance Sheets, Credit Spreads, and Interest Rates



NOTE: Shaded bands denote 95-percent confidence intervals.

# MODEL RESPONSE TO A FINANCIAL SHOCK

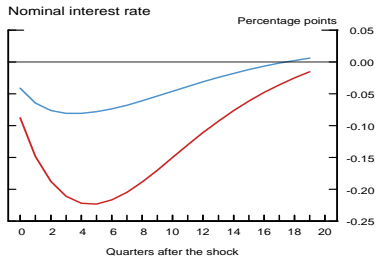
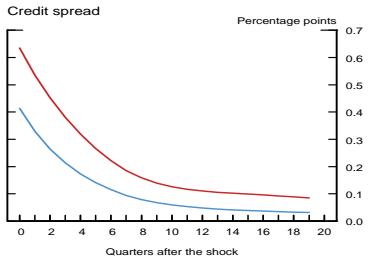
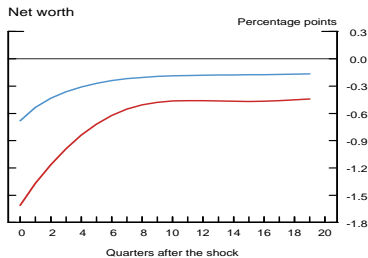
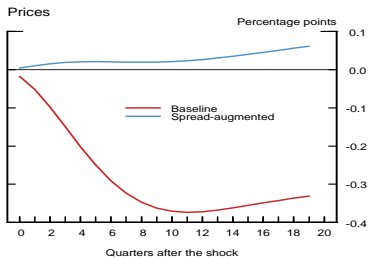
## Baseline vs. Spread-Augmented Monetary Policy Rule



NOTE: In deviations from the steady state.

# MODEL RESPONSE TO A FINANCIAL SHOCK

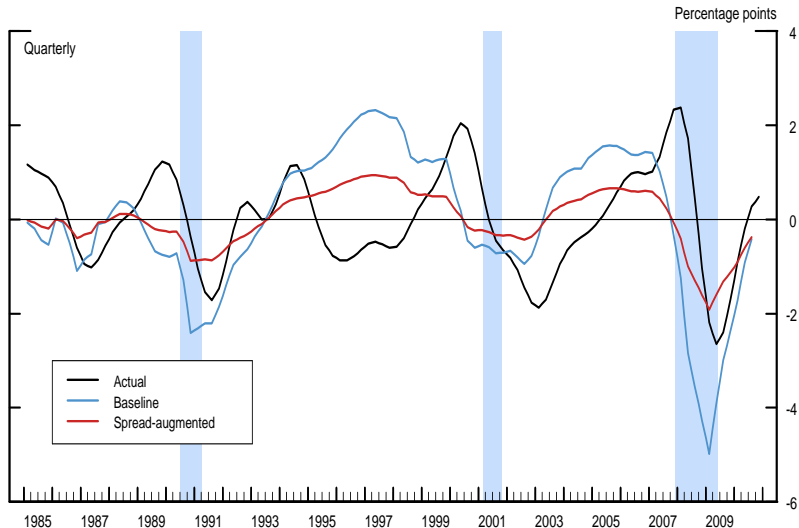
## Baseline vs. Spread-Augmented Monetary Policy Rule



NOTE: In deviations from the steady state.

# MODEL SIMULATIONS VS. ACTUAL DATA

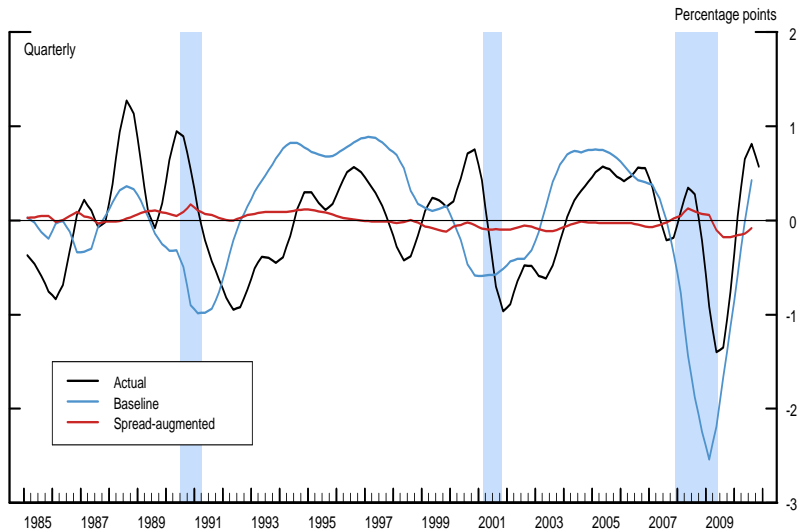
## Real GDP



NOTE: All variables have been demeaned.

# MODEL SIMULATIONS VS. ACTUAL DATA

## Inflation



NOTE: All variables have been demeaned.