A trend-cycle decomposition with hysteresis

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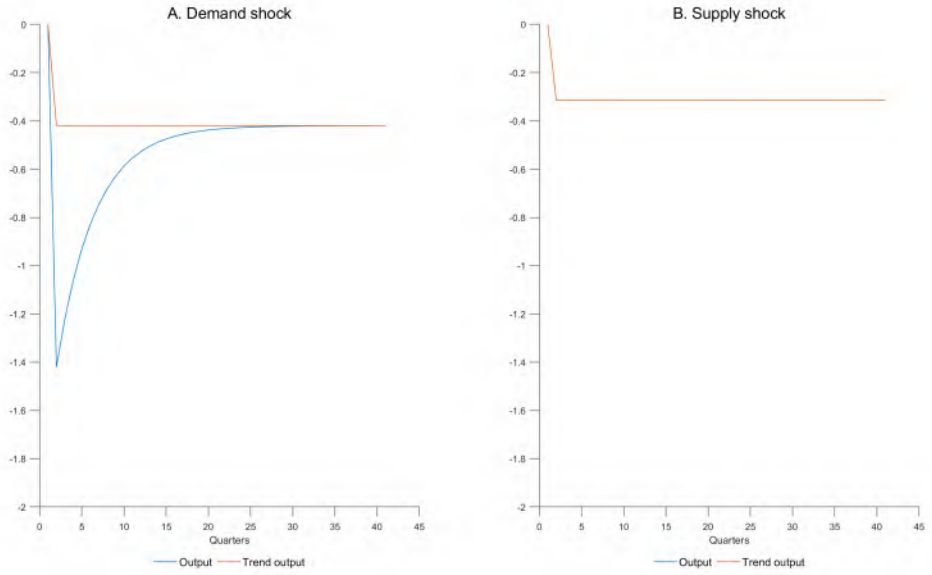
Online Appendix. The IRFs at quarterly frequency

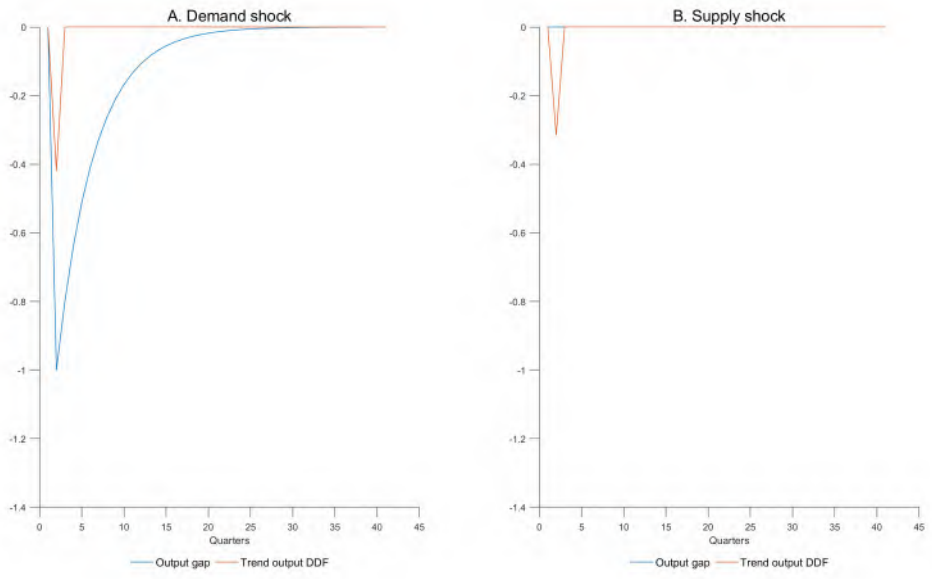
The IRFs for the quarterly calibrated model are shown in figures 1 and 2.

Figure 1: The IRFs in quarterly frequency – The nonstantionary variables



Note: In Panel A, a demand shock moves output and trend output. The output gap is the difference between the blue and the orange line. In Panel B, a supply shock does not induce a response of demand.

Figure 2: The IRFs in quarterly frequency – The stationary variables



Note: In Panel A, a demand shock moves the output gap. In Panel B, a supply shock does not induce a response of the output gap.