

TABLE 4

## NKPC SPECIFICATION COMBINATIONS

Specification settings	Options
Inflation ( $\pi_t$ )	GDP deflator, CPI, chained GDP def., GNP def., chained GNP def., NFB GDP def., PCE, core PCE, core CPI, filtered GDP def. gap, smoothed GDP def. gap, filt. CPI gap, sm. CPI gap, SPF-based CPI gap, filt. core CPI gap, sm. core CPI gap, filt. PCE gap, sm. PCE gap, filt. core PCE gap, sm. core PCE gap
Labor share (ls)	NFB, NFB coint. relation, HP filtered NFB gap, Baxter-King filt. NFB gap, linearly detrended NFB gap, quadratically detrended NFB gap, real-time NFB HP gap, real-time NFB BK gap, real-time NFB lin. detr. gap, real-time NFB quadr. detr. gap
Output gap (ygap)	CBO, HP filt., BK filt., lin. detr., quadr. detr., real-time HP filt., real-time BK filt., real-time lin. detr., real-time quadr. detr.
Reduced form	Unrestricted, VAR
Survey forecasts ( $\pi_{t \tau}^s$ )	SPF CPI, SPF GDP def., GB GDP def.
Expectations	$\pi_{t+1}$ (endogenous), $\pi_{t+1 t}^s$ (endog.), $\pi_{t+1 t}^s$ (exogenous) $\pi_{t+1 t-1}^s$ (endog.), $\pi_{t+1 t-1}^s$ (exog.)
Instruments	GG: 4 lags of $\pi_t$ , ls, ygap, 10y–90d yield spread, wage infl., commodity price infl. GGLS: 4 lags of $\pi_t$ and 2 lags of ls, ygap, wage infl. small: 4 lags of $\pi_t$ and 3 lags of forcing variable exact: 1 extra lag of each endog. regr. (just-identified) RT: 2 real-time lags of GDP def. inflation, $\Delta$ ls, ygap survey: 2 lags of 1-quarter SPF/GB forecasts, forcing variable Extra regressors (e.g., oil) added to instruments (if endog., use 2 lags)
Inflation lags	0 lags (pure NKPC), 1 lag, 4 lags
Parameter restrictions	No restrictions, $\gamma(1) = \gamma_f$ (inflation coefficients sum to 1) With $\gamma(1) = \gamma_f$ , use lags of $\Delta\pi_t$ instead of $\pi_t$ as instruments
Oil shocks	None, log change of WTI spot price divided by GDP def.
Interest rate	None, 90-day Treasury rate
Sample	Full available, 1960–1997, 1968–2005, 1968–2008, 1971–2008, 1981–2008, 1984–end of sample
GMM estimator	2-step, CUE

*Notes:* List of the specification options that we consider when estimating the NKPC (9). The efficient GMM weight matrix is computed using the Newey and West (1987) heteroskedasticity and autocorrelation consistent estimator with automatic lag truncation, except for VAR specifications, which use the White (1980) heteroskedasticity consistent estimator.