

TABLE 1
AN EXPECTATIONS-AUGMENTED PHILLIPS CURVE, 1985–2015

$\pi_t = \pi_t^e + \alpha(\bar{u}_{t-1}^s - \bar{u}_{t-1}^{s,*}) + \epsilon_t$	
α	−0.756 (0.077)
DW	1.259
SE of Reg.	0.383
\overline{R}^2	0.824

NOTE: OLS with Newey–West (1987) standard errors in parentheses. π_t is median CPI inflation, π_t^e is the average forecast of long-term CPI inflation from the Survey of Professional Forecasters, \bar{u}_{t-1}^s is the average of the short-term unemployment rate from $t - 1$ to $t - 4$, and $\bar{u}_{t-1}^{s,*}$ is the average of the natural rate of short-term unemployment from $t - 1$ to $t - 4$.