

# **ONLINE APPENDIX**

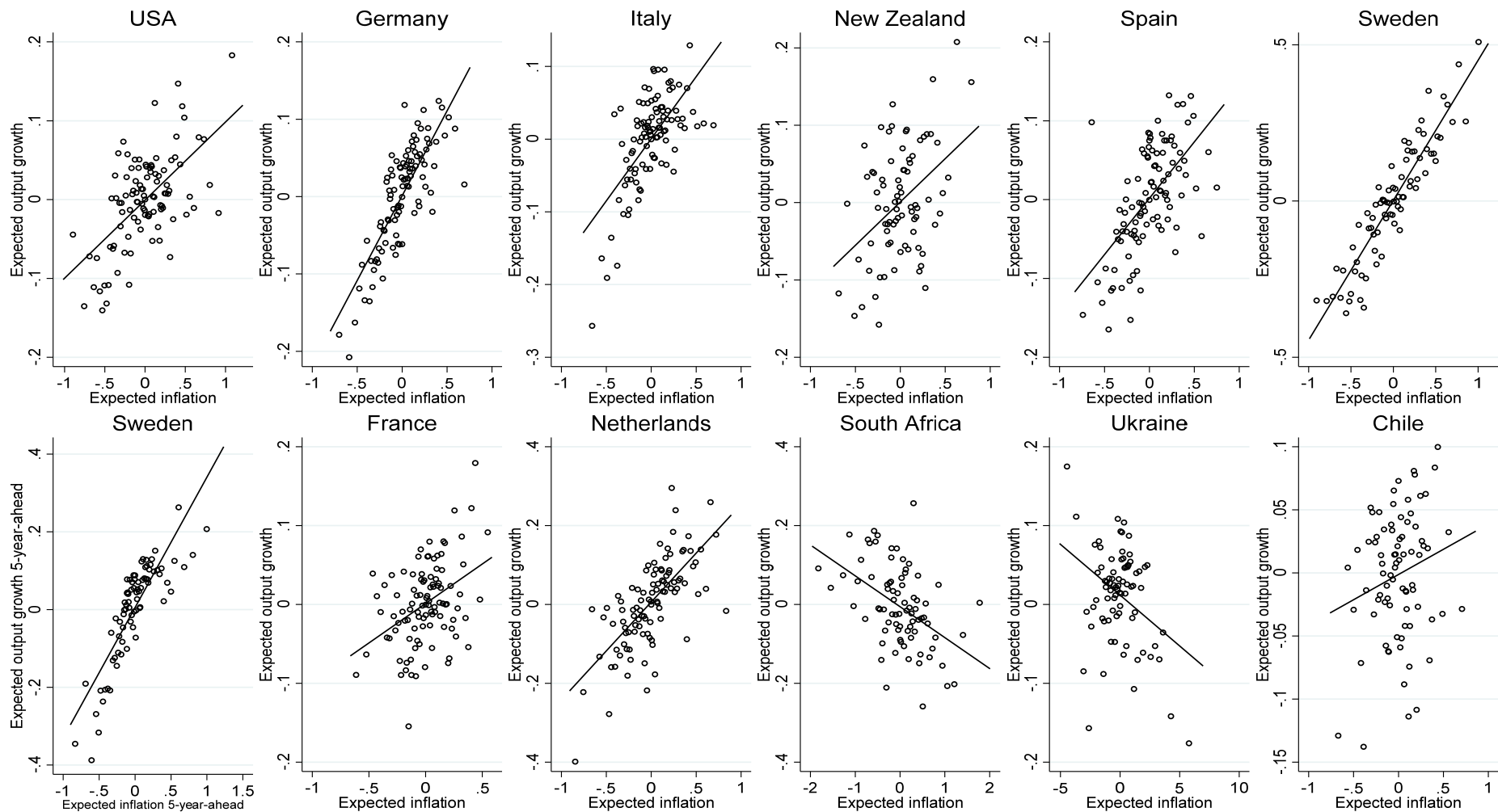
## **THE MACROECONOMIC EXPECTATIONS OF FIRMS**

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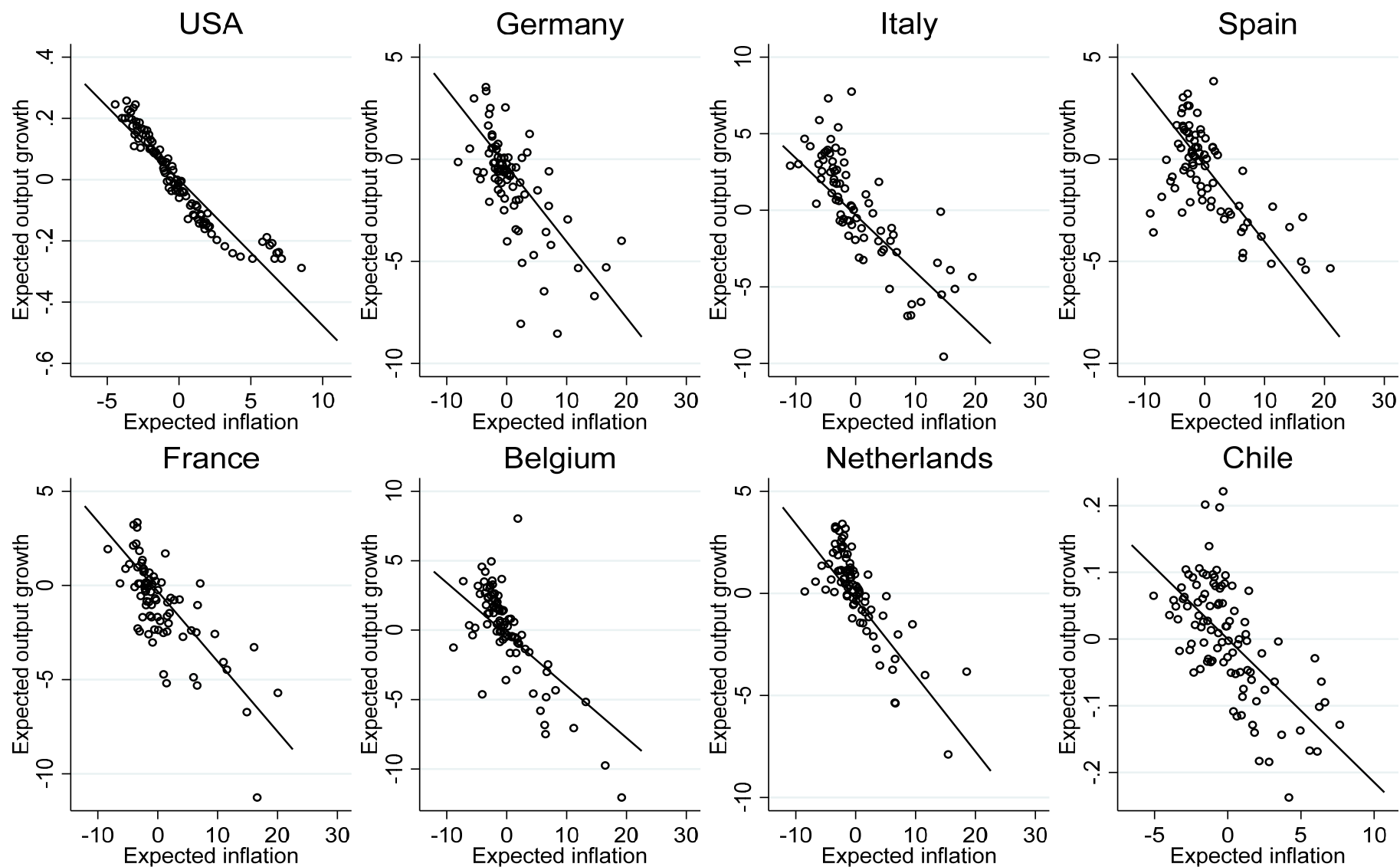
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*Appendix Figure 1. Joint distribution of inflation and output growth expectations, professional forecasters (Consensus Economics).*



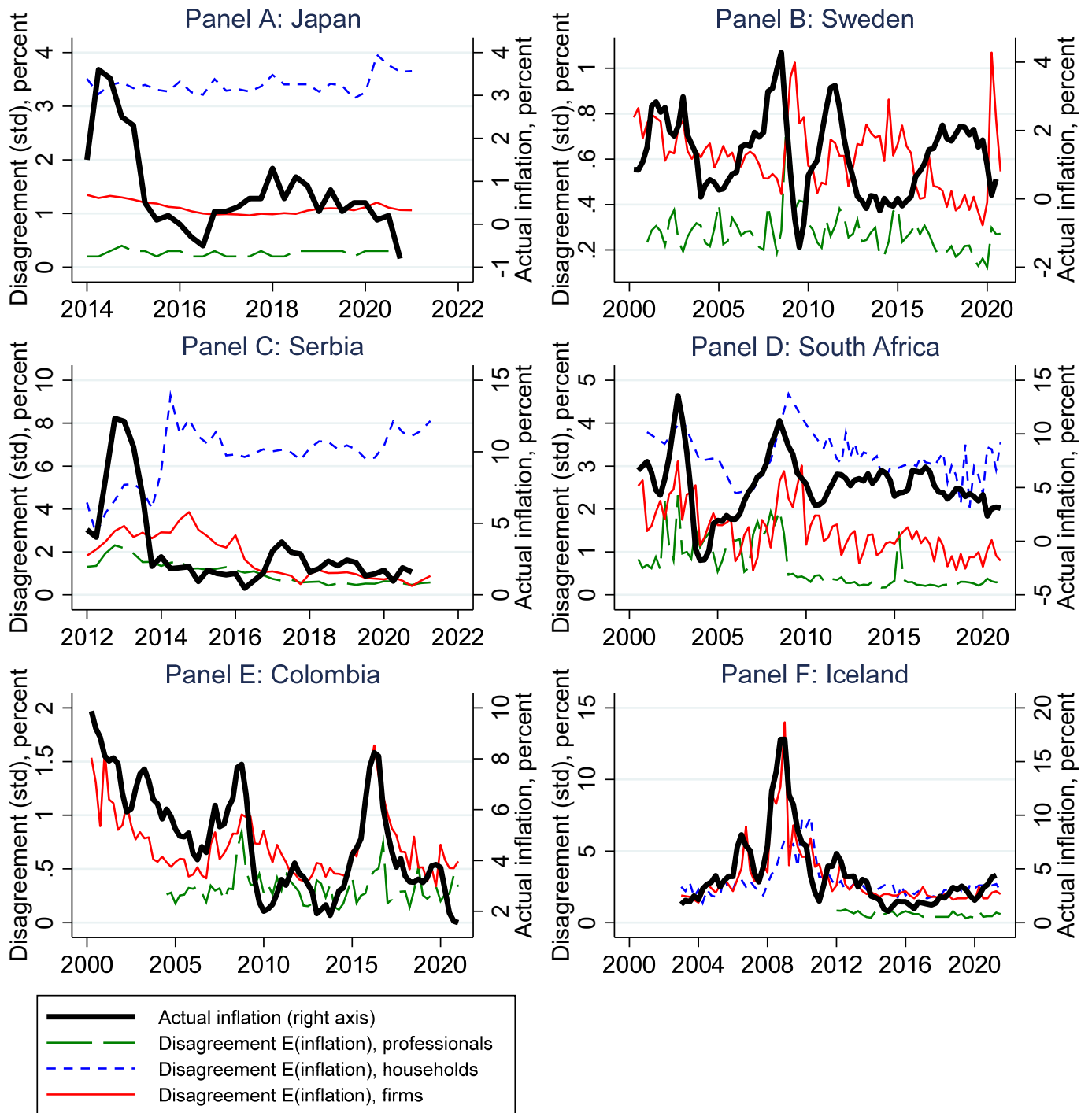
Notes: each panel plots a binscatter for the joint distribution of expectations of output growth rate and inflation in the next calendar year. For each variable, we take out the time×country fixed effect so that all variables are mean zero. The sample period is 2001-2020 for OECD economies except Chile (2005-2020), 2000-2020 for South Africa and 2007-2020 for Ukraine. To the panel for Ukraine comparable to the corresponding panel for firms in Figure 8, projections for the growth rate of GDP are coded as +1 (increase), 0 (the same), and -1 (decrease). For South Africa, the source is South African Reserve Bank.

Appendix Figure 2. Joint distribution of inflation and output growth expectations, households.



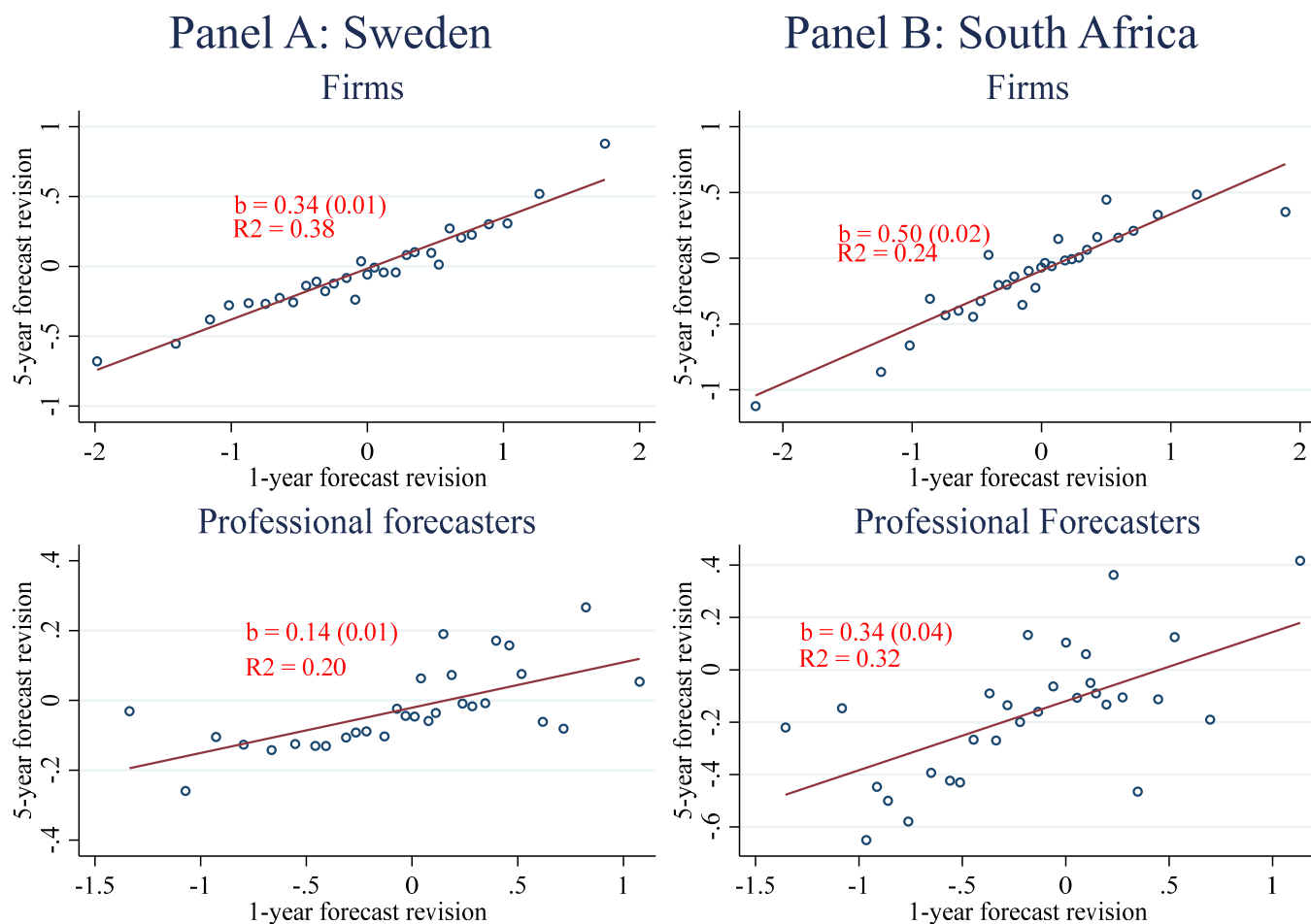
Notes: each panel plots a binscatter for the joint distribution of expectations for output growth rate and inflation in the next calendar year. For each variable, we take out the time×country fixed effect so that all variables are mean zero. The sample period for the US (Michigan Survey of Consumers) is 1978-2020. The sample period for Chile (*Encuesta de Percepciones y Expectativas Económicas de la Universidad de Chile*) is 2008-2018. The sample period for other countries (ECB’s Consumer Expectation Survey) is January-June 2020.

Appendix Figure 3. Disagreement among Firms about Future Inflation, other available surveys.



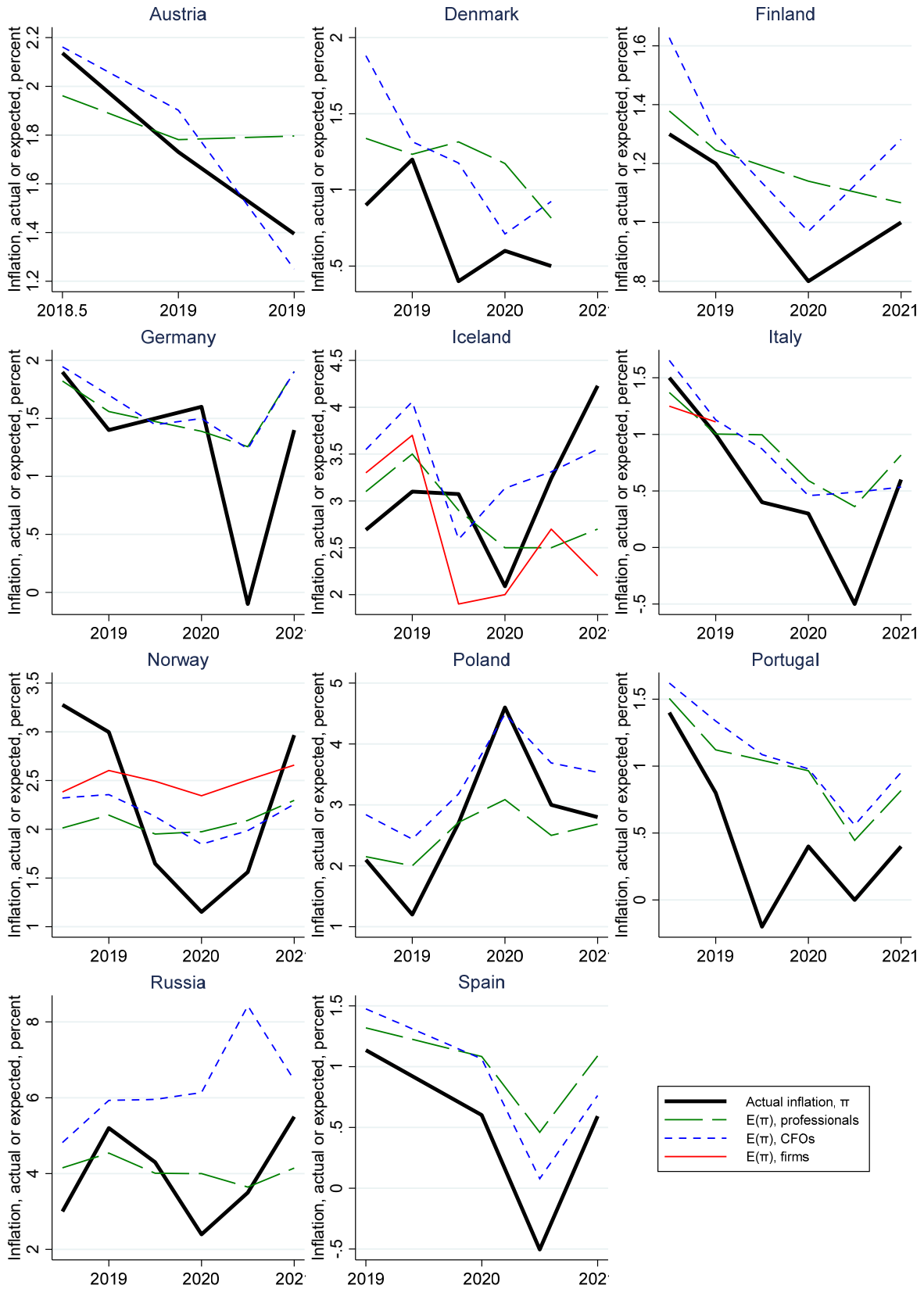
Notes: Each panel plots the cross-sectional standard deviation of one-year ahead inflation expectations for professional forecasters, firms and households, depending on data availability, as well as actual inflation. See section 3.2 for details.

*Appendix Figure 4. Correlation of Changes in Short-Run and Long-Run Inflation Expectations.*



Notes: Each panel shows the relationship (binscatter) between revisions in 1-year-ahead and 5-year-ahead inflation forecasts. Panel A is for Sweden: Firms (purchasing managers: manufacturing and trading) and professional forecasters (money market players) are from Prospera survey (Sveriges Riksbank), the sample period covers 2010Q1-2020Q4. Panel B is for South Africa: Firms and professional forecasters are from the Inflation Expectation Survey carried out by the Bureau of Economic Research (South African Reserve Bank); the sample period covers 2011Q3-2021Q1. Each specification uses Huber robust regression to downweight the importance of outliers and influential observations.

*Appendix Figure 5. Actual and Expected Inflation, European CFO Survey.*



Notes: Each panel plots one-year ahead inflation expectations for CFOs, professional forecasters, and firms, depending on data availability, as well as actual inflation. For all countries, except Russia, we exclude responses of CFOs that are greater than 15 percent or less than -2 percent. For Russia, we exclude responses of CFOs that are greater than 25 percent or less than -2 percent.