

HOUSEHOLD BALANCE SHEETS AND MONETARY POLICY

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DISCUSSION

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 - Merge micro (confidential CEX) and macro data
- Main results:
 - Heterogonous effects of nominal shocks on house prices across MSAs.
 - Marginal propensity to consume out of housing (MPCH) is 0.06.
 - MPCH is higher for constrained households.

IDENTIFICATION OF PROPENSITY TO CONSUME OUT OF HOUSING

Starting point:

$$\text{Consumption: } \Delta C_{it} = \beta_1 \Delta Q_{it} + \beta_2 MP_t + \text{error}$$

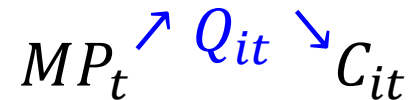
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What's Z_i ?

- Availability of land (Saiz 2010)
- Index of regulations (Wharton)

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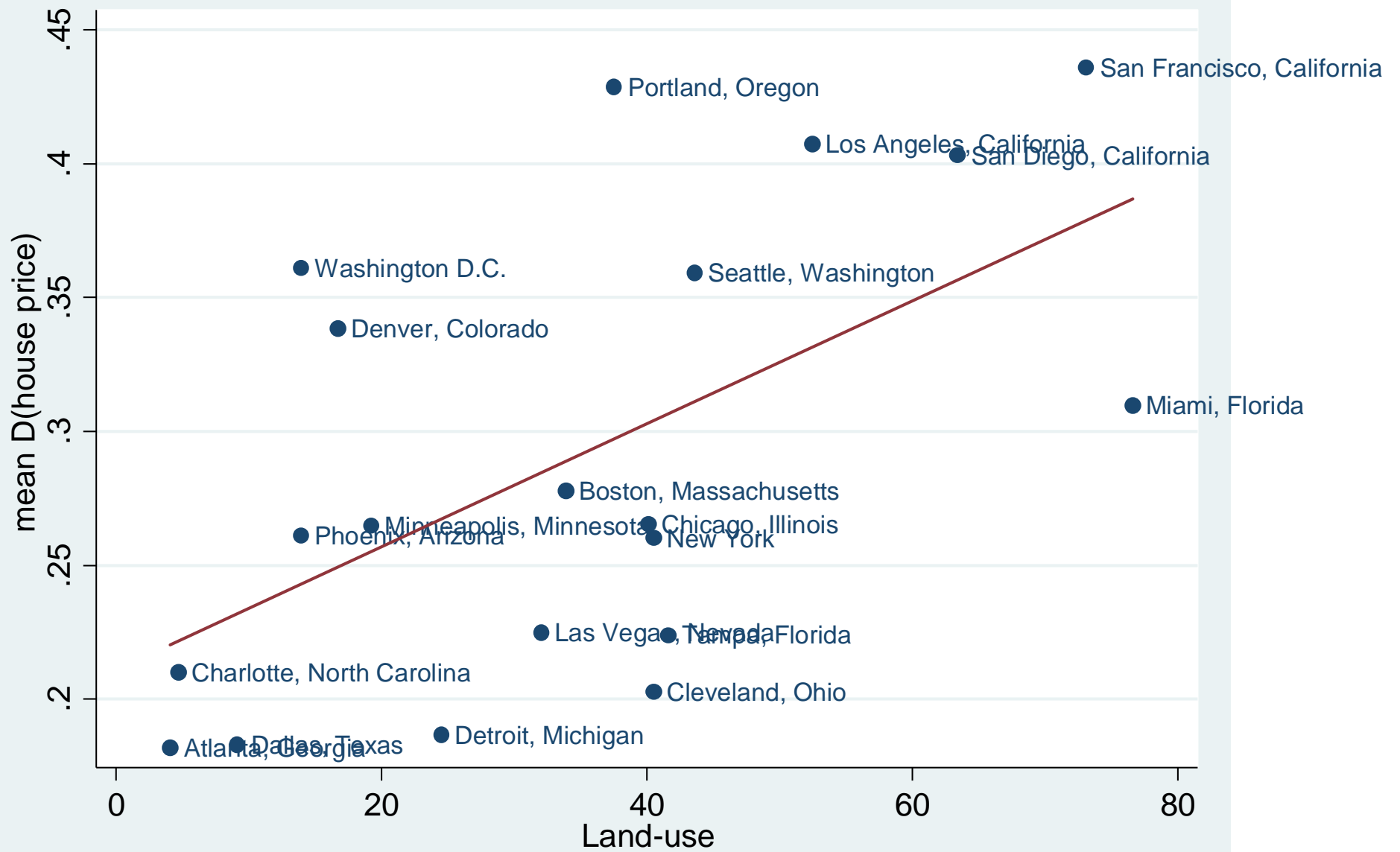
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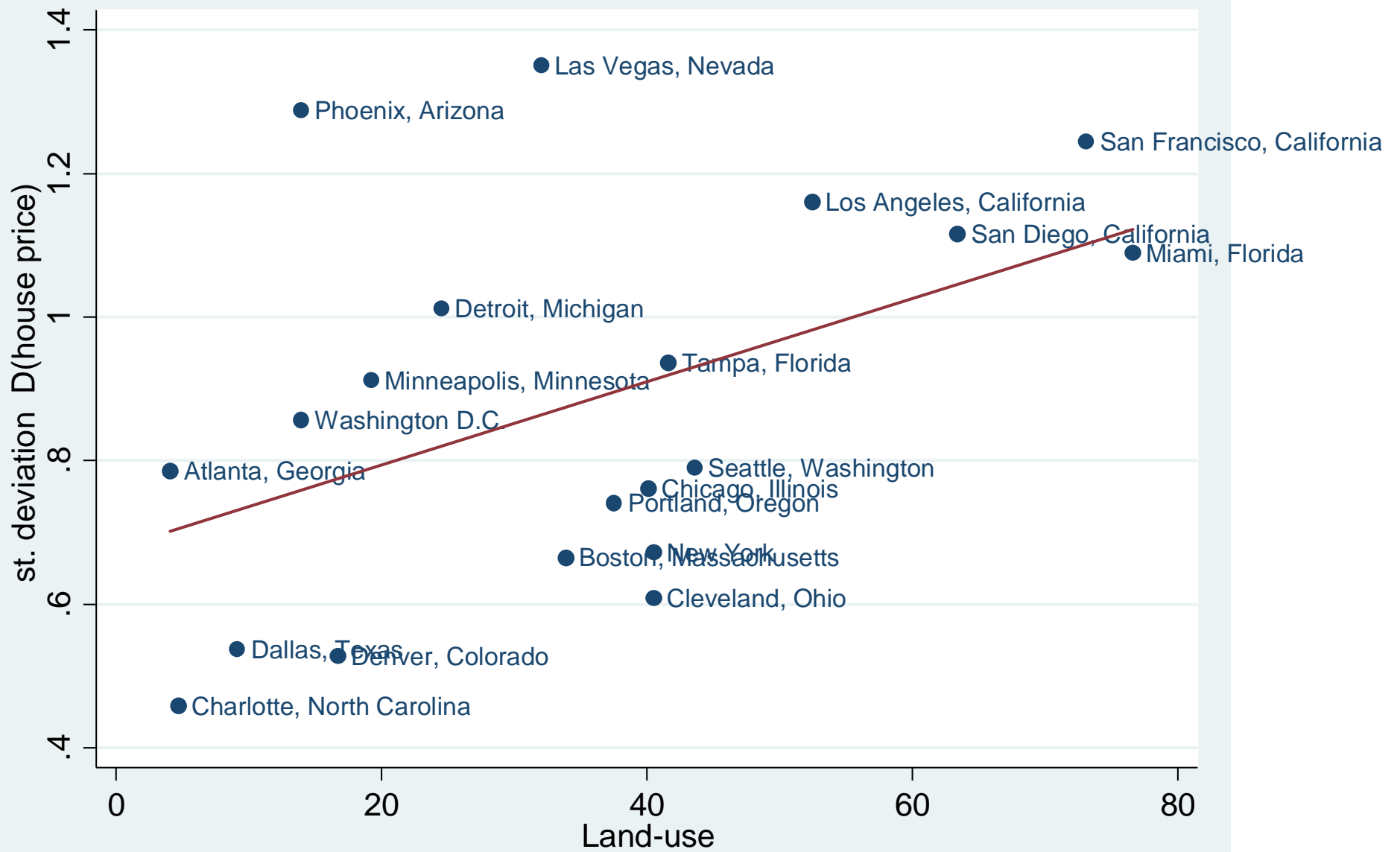
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- Dynamic response: need to include lags of ΔC_{it} and ΔQ_{it} on RHS.

SUMMARY

- Great question
- Creative combination of micro and macro data
- Iron out a few wrinkles

