

Corrections for “The Power of Forward Guidance Revisited”¹

Alisdair McKay, Emi Nakamura, and Jón Steinsson

September 21, 2022

- There is a mistake in the published version of Table 2 because we used the wrong income variance in computing the “High Risk and Asset” robustness case. We used an innovation variance of 0.024 instead of 0.033. The table below shows the published results and the corrected results.

Table 2: Power of 20 Quarter Ahead Forward Guidance

	Initial Responses of	
	Output	Inflation
Baseline	10.3	29.8
High Risk	4.8	23.8
High Asset	14.5	36.2
High Risk and Asset (published)	11.6	33.8
High Risk and Asset (corrected)	8.2	31.4
Complete Markets	25.0	74.3

Initial response of output and inflation (in basis points) to forward guidance that reduces the expected real interest rate 20 quarters ahead by 50 basis point for four different calibrations of our incomplete markets model.

- The note to Figure A.2 states “The partial equilibrium response holds wages, profits, and taxes fixed, but allows households to reoptimize their labor supply.” In fact, we incorporate the change in taxes into the partial equilibrium calculation.

¹We thank Jaime Gimeno-Ribes for bringing these issues to our attention.