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the Linearized Model; D. Dynamic Response of Macroeconomic Variables to an Expansionary Monetary Shock; 5. Responses of real sectoral consumption to a 1% interest-rate cut.; 6. Responses of sectoral inflation and real aggregates to a 1% interest-rate cut.

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## Sommario/riassunto

A distinctive feature of market-provided services is that some of them have close substitutes at home. Households may therefore switch between consuming home and market services in response to changes in the real wage - the opportunity cost of working at home - and changes in the price of market services. In order to analyze and quantify the implications of this trade-off for monetary policy, I embed a household sector into an otherwise standard sticky price DSGE model, which I calibrate to the U.S. economy. The results of the model are twofold. At the sectoral level, household production augm

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