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| Collana | IMF Working Papers IMF working paper ; ; WP/12/206 |
| Soggetti | Service industries - Management Monetary policy Macroeconomics Industries: Service Production and Operations Management General Aggregative Models: Keynes Keynesian Post-Keynesian Business Fluctuations Cycles Household Production and Intrahousehold Allocation Industry Studies: Services: General Labor Economics: General Price Level Inflation Deflation Macroeconomics: Production Macroeconomics: Consumption Saving Wealth Labour income economics Services sector Labor Sticky prices Output gap Consumption Economic sectors |

Prices
National accounts
Production
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| Lingua di pubblicazione | Inglese |
| Formato | Materiale a stampa |
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| Note generali | Description based upon print version of record. |
| Nota di bibliografia | Includes bibliographical references. |
| Nota di contenuto | Cover; Contents; I. Introduction; A. Related Literature; II. Empirical Evidence; A. Services versus Nondurables: A Sectoral VAR; B. The Importance of Household Production; 1. Home hours worked; Figures; 1. Estimated responses of real sectoral consumption to a monetary policy tightening.; Tables; 1. Time devoted to household production in the U.S. (2003 annual average); 2. Households and the production of services; C. Household and Market Production Over the Business Cycle; 1. Fluctuations of home and market hours worked; 2. Home and market hours worked (HP-de-trended series) 2. Substitutability between home and market services over the business cycle 2. Child care expenses by families with employed mothers, as percentage of monthly income, 1991-2005.; III. The Model Economy; A. The Economic Environment; 3. Expenditures on food at home and food away from home (HP-de-trended series); B. The Representative Household; C. Final Goods Producers; D. Intermediate Goods producers; E. Sectoral and Aggregate New Keynesian Phillips Curves; 4. Contribution of the output gap term and the extra term to inflation dynamics; F. Monetary Policy; G. Aggregation IV. Calibration and Results A. Parameter Values; B. Simulation Results; 3. Parameter values; V. Conclusion; References; Appendices; A. Proof of Proposition 1; B. Proof of Corollary 1; C. Reduced Set of Equations for 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. |
| 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 augments the service sector's New Keynesian Phillips curve with a sizable extra component that co-moves negatively with the output gap term, lowering the incentive of service sector firms to change their prices. This mechanism endogenously amplifies the real effects of a monetary shock in that sector, unlike in the nondurable goods sector for which |

households cannot manufacture substitutes at home. At the aggregate level, household production also implies more sluggish prices and a stronger response of real macroeconomic variables to a monetary shock. Some empirical support for this theory is provided.
