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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.
