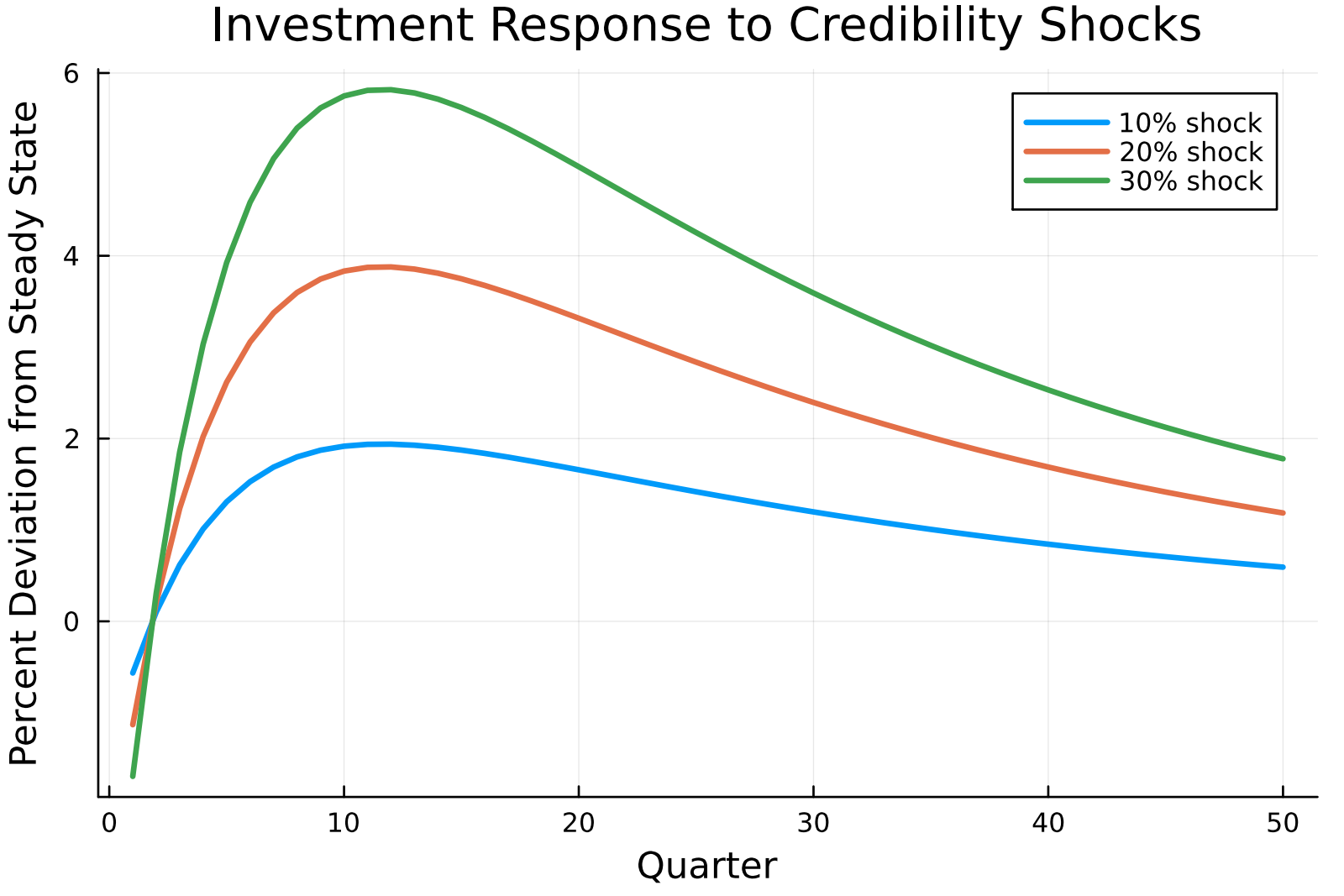
Investment Response to Credibility Shocks
Percent Deviation from Steady State
Quarter
10% shock
20% shock
30% shock
6
4
2
0
0
10
20
30
40
50