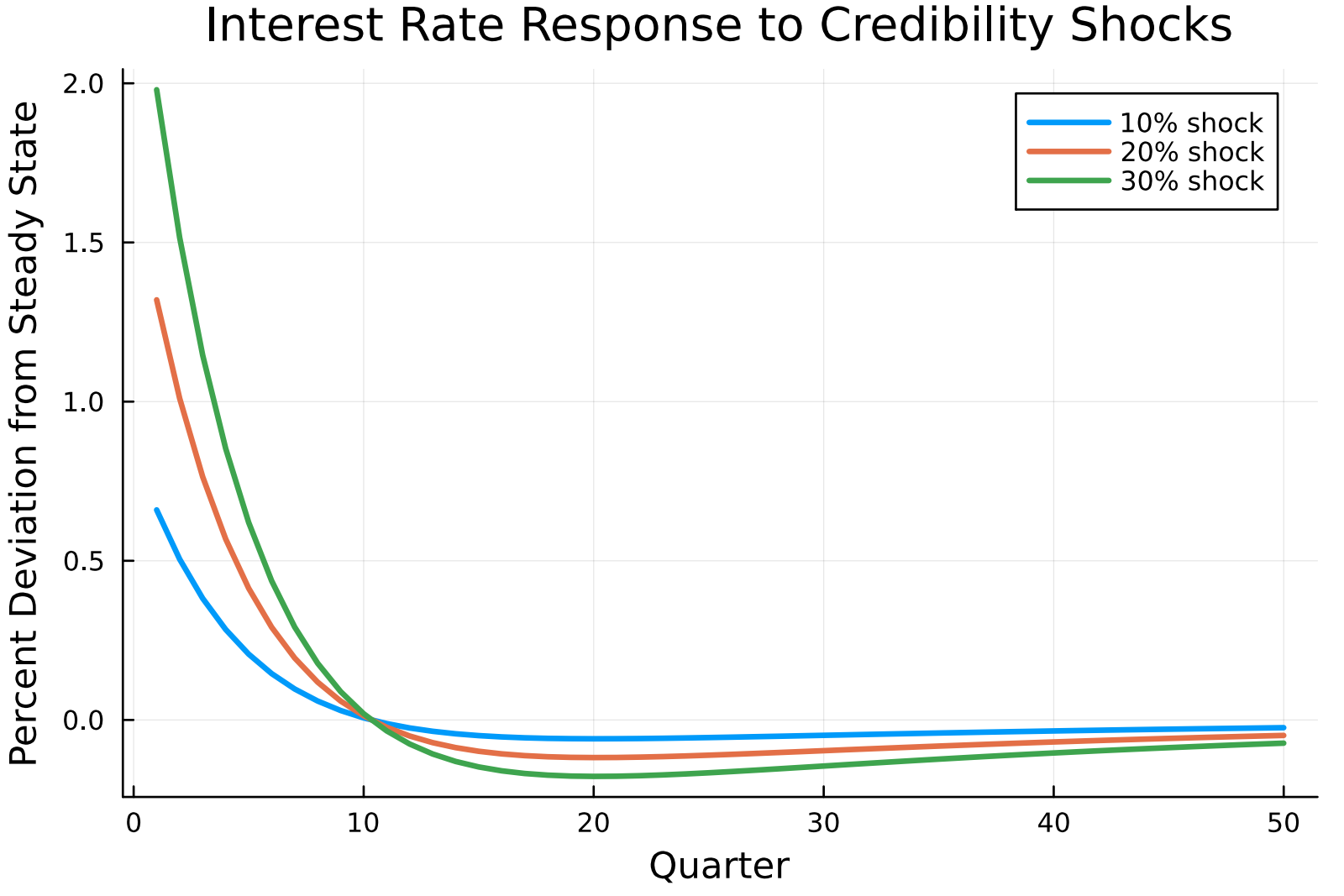
Interest Rate Response to Credibility Shocks
Percent Deviation from Steady State
Quarter
10% shock
20% shock
30% shock
2.0
1.5
1.0
0.5
0.0
0
10
20
30
40
50