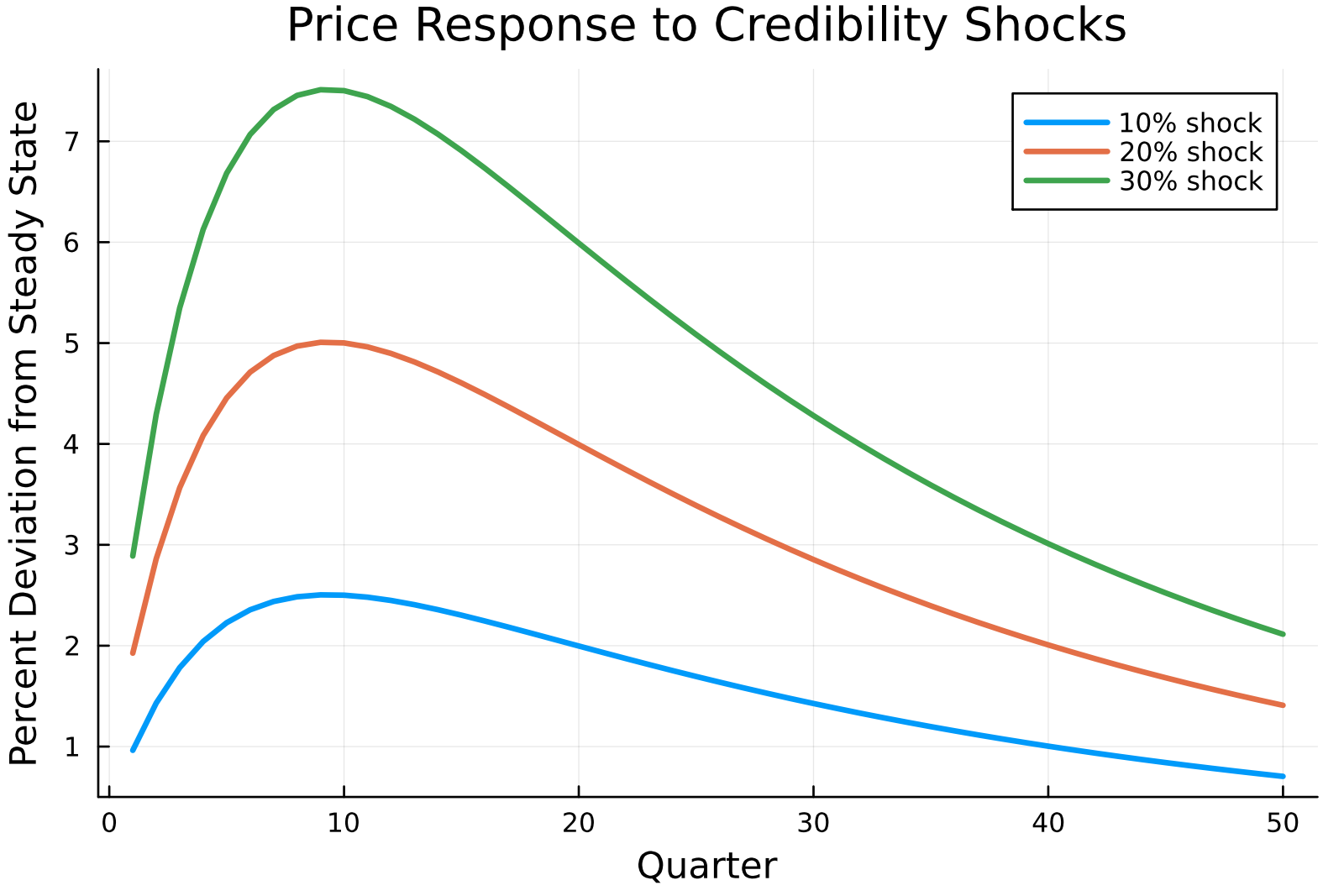
Price Response to Credibility Shocks
Percent Deviation from Steady State
Quarter
10% shock
20% shock
30% shock
1
2
3
4
5
6
7
0
10
20
30
40
50