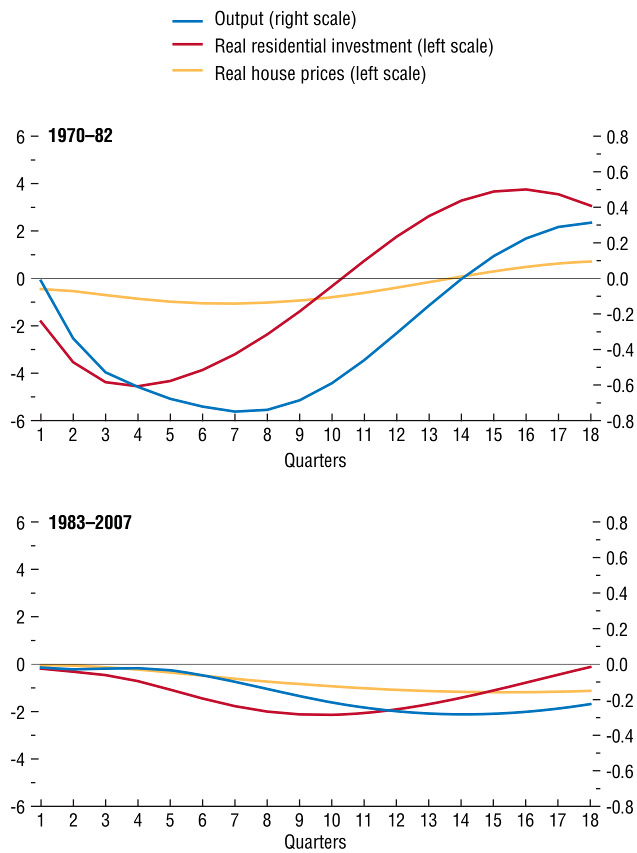
Figure 3.9. Effect of Monetary Policy Shocks on Output and Housing Sector Variables in the United States[1]

(Percent)

In the second period, residential investment and output react less strongly to monetary policy tightening, but their decline is more persistent. Real house prices react more slowly, but their maximum decline is stronger than in the earlier period.



Source: IMF staff calculations.

[1]Monetary policy shocks are defined as a one-standard-deviation increase in short-term interest rates.