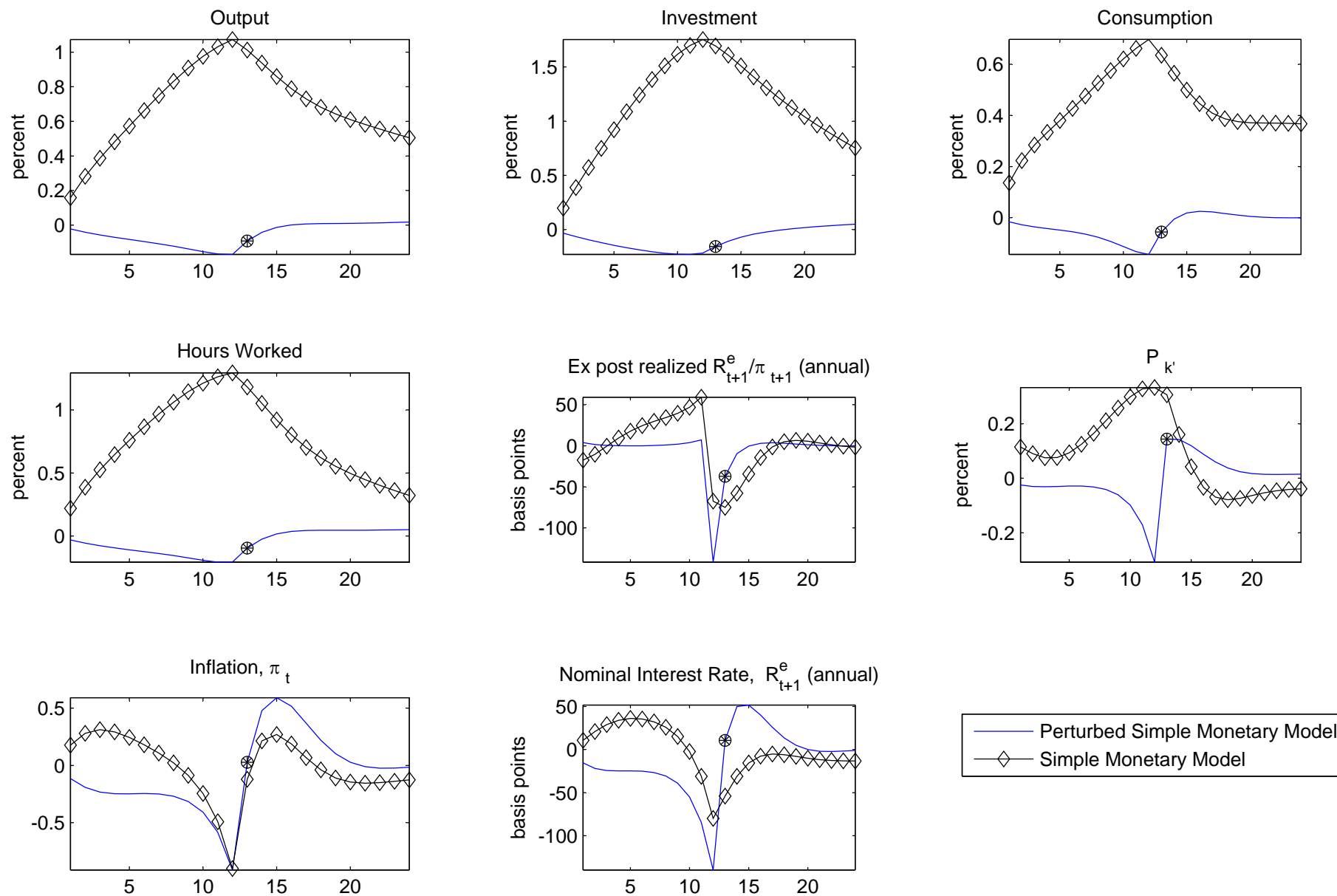


Figure 13: Response of Simple Monetary Model and Perturbed Model to Signal Shock
 Perturbation - $\alpha_{\pi} = 1.01$, $\alpha_y = 0$, $\rho_i = 0.2$



Note: subscript on nominal rate of interest indicates date of payoff. R_{t+1}^e is graphed at date t . π_t indicates gross change in price level from $t-1$ to t .