Erratum to "Identifying Monetary Policy Shocks via Changes in Volatility"

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The article (*Journal of Money, Credit, and Banking*, Vol 40, No. 6 (September 2008)) contains a number of errors due to the erroneous timing of the structural breaks. We claimed the break dates to be 1979M10 and 1984M2, while in fact the results are based on breaks placed at 1980M11 and 1985M3. We thank Tom Doan of Estima for finding this error and bringing it to our attention.

Our previous results remain valid since the tests for regime changes lent support to breaks at these dates as well. However, the correct break dates are better motivated in the light of the previous literature, and as the corrected results below show, even more clear-cut results are obtained once they are employed in the analysis. The corrected Tables 1–3 are given below. There is even stronger evidence in favor of breaks at the correct dates than at the dates used in the article. With the correct breaks, all identification schemes are rejected at conventional significance levels, but compared

to the others, the FF scheme gets clearly stronger support and cannot be rejected at the 1% level. Because the monetary policy shocks and impulse responses remain virtually unchanged, to save space, we do not reproduce the figures.

Table 1: LR Tests for Regime Changes

H_0 (type (8))	Break(s)	Test statistic	p-value
$\Sigma_1 = \Sigma_2 = \Sigma_3$	1979M10,1984M2	355.100	1.240e-73
$\Sigma_1 = \Sigma_2$	1979M10	160.862	3.890e-32
$\Sigma_2 = \Sigma_3$	1984M2	293.150	2.401e-60
$\Sigma_1 = \Sigma_3$	1979M10,1984M2	60.474	3.605e-11

Table 2: Estimates of Structural Parameters with Standard Errors in Parentheses

Parameter	Unrestricted	*FF*	*NBR*	*NBR/TR*	*BR*
α	–0.2246 (0.0911)	–0.2539 (0.0888)	40.8374 (26.2438)	0.0000	–0.2518 (0.0700)
β	1.6609 (0.1685)	1.4627 (0.0176)	0.8281 (0.0766)	20.4274 (8.6610)	24.4189 (0.0000)
γ	–0.2898 (0.0960)	–0.2983 (0.0000)	0.4044 (0.0425)	0.1250 (0.2995)	0.0000
ϕ^b	–0.7155 (0.0561)	–0.7703 (0.0000)	0.0000	0.0000	–0.0103 (0.0000)
ϕ^d	0.7608 (0.0553)	0.7703 (0.0000)	0.0000	0.7183 (0.0579)	1.0000
σ_b	0.0126 (0.0016)	0.0130 (0.0000)	0.0067 (0.0007)	0.2549 (0.1151)	0.3066 (0.0000)
σ_d	0.0088 (0.0009)	0.0089 (0.0009)	0.5475 (0.3527)	0.0092 (0.0009)	0.0087 (0.0000)
σ_s	0.0150 (0.0022)	0.0125 (0.0020)	0.0179 (0.0017)	0.0187 (0.0018)	0.0186 (0.0018)
ω_1	1.1463 (0.2583)	1.1325 (0.2551)	0.0164 (0.0037)	1.0188 (0.2294)	1.2331 (0.2778)
ω_2	0.0144 (0.0032)	0.0154 (0.0035)	0.2897 (0.0652)	0.1335 (0.0301)	0.1545 (0.0348)
ω_3	0.5520 (0.1246)	0.5000 (0.1131)	1.0276 (0.2346)	0.0183 (0.0043)	0.0182 (0.0040)

Table 3: LR Tests of Over-Identifying Restrictions

Identification scheme	H_0	LR statistic	p-values d.f. = no. of restr.	d.f. = 1
FF	$\phi^d = 1/(1-\gamma)$ and $\phi^b = -\phi^d$	8.021	0.018	0.005
NBR	$\phi^d = \phi^b = 0$	55.880	7.342e-13	7.703e-14
NBR/TR	$\alpha = \phi^b = 0$	66.119	2.890e-14	4.244e-16
BR	$\phi^d = 1, \phi^b = \alpha/\beta$, and $\gamma = 0$	55.947	7.101e-13	7.446e-14