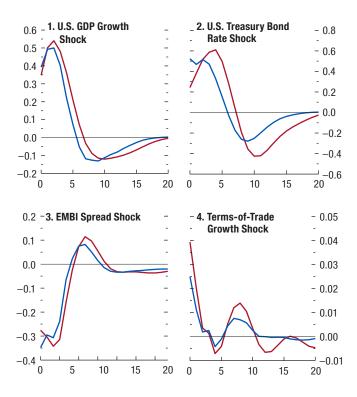
Figure 4.16. Impact of Prior Choice on Average Impulse Responses

(Percentage points)

Baseline specification: AR(1) prior,  $\rho = 0.8$ Alternative specification: white-noise prior



Source: IMF staff calculations.

Note: AR(1) = first-order autoregression; EMBI = J.P. Morgan Emerging Markets Bond Index. Shocks are normalized to a 1 percentage point increase. *X*-axis units are quarters; t = 0 denotes the quarter of the shock.