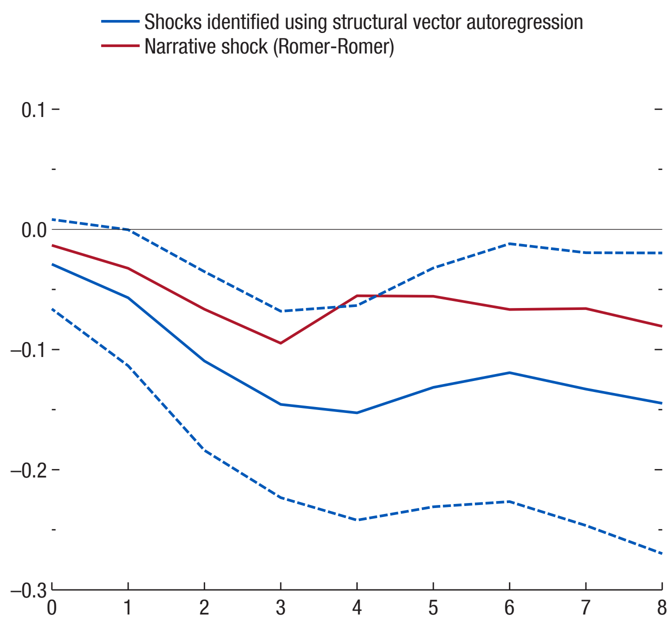
Annex Figure 4.3.3. Effects of US Tax Shock on Recipient Countries' Output: Comparison with US Narrative Tax Shock, 1995–2007

(Percent; quarters on x*-axis)*



Sources: Romer and Romer (2010); and IMF staff calculations.
Note: $t = 0$ is the quarter of the US tax shock. Solid blue line denotes the response to US tax shock using structural vector autoregression; dashed lines denote 90 percent confidence bands; and solid red line represents the response to US narrative tax shock based on Romer and Romer (2010). Shocks are normalized to an average of 1 percent of GDP across source countries (note that this will represent a less than 1 percent of US GDP shock).