# Micro Jumps, Macro Humps:

## Monetary Policy and Business Cycles in an Estimated HANK Model

Adrien Auclert* Matthew Rognlie† Ludwig Straub‡

February 2019

**Abstract**

We estimate a Heterogeneous-Agent New Keynesian model that matches existing microeconomic evidence on marginal propensities to consume *and* macroeconomic evidence on the impulse response to a monetary policy shock. We rule out habit formation as an explanation for the hump shape of output, but show that sticky information in the sense of Mankiw and Reis (2002) can rationalize both the micro and the macro data. Our estimated model implies a central role for investment in the monetary transmission mechanism.

*Stanford University and NBER. Email: aauclert@stanford.edu.
†Northwestern University and NBER. Email: matthew.rognlie@northwestern.edu.
‡Harvard University. Email: ludwigstraub@fas.harvard.edu.