Figure 1

The Effects of Relative Demand and Supply Shocks

Instantaneous Price Levels

Annual Inflation and Dispersion
Figure 2

The Effects of Shocks on Inflation and Dispersion with Flexible Prices

Instantaneous Price Levels

Annual Inflation and Dispersion
Figure 3

The Effects of Shocks on Inflation and Dispersion with Heterogeneously Sticky Prices

Instantaneous Price Levels

Annual Inflation and Dispersion
Figure 4

The Effects of Shocks on Inflation and Dispersion in the Hercovitz Model

Instantaneous Price Levels

Annual Inflation and Dispersion
Figure 5

Individual Inflation Rates in a Menu Cost Model

$P_i$ and $P_i^*$

Inflation for Good 1

Inflation for Good 2
Figure 6

Dispersion as a Function of Inflation with Identical and Heterogeneous Menu Costs

Individual $S$ versus $\pi$ - Identical Menu Costs

Individual $S$ versus $\pi$ - Different Menu Costs

Average of Individual $S$ versus $\pi$ - Different Menu Costs

Average $S$ versus $\pi$ and $S = A\pi^{2/3}$
Figure 7

Individual Inflation Rates in a Menu Cost Model with a Positive Shock

\[ P_1^* \text{ and } P_2^* \]

Inflation for Good 1

Inflation for Good 2
Figure 8

Individual Inflation Rates in a Menu Cost Model with a Negative Shock

$P_1^*$ and $P_2^*$

Inflation for Good 1

Inflation for Good 2