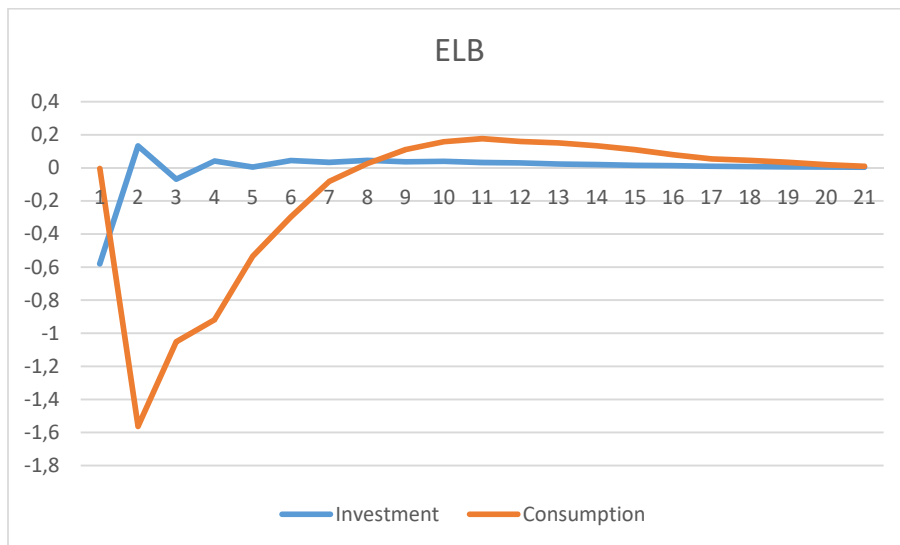
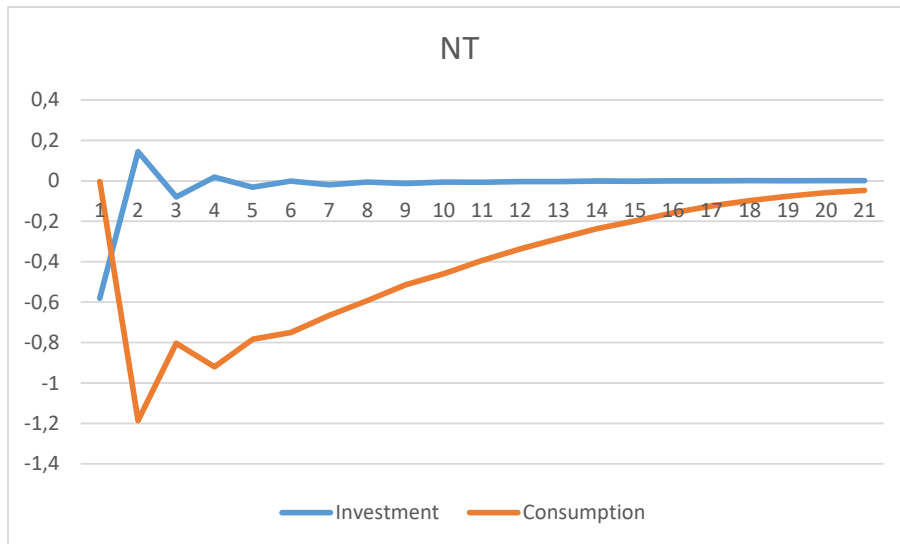
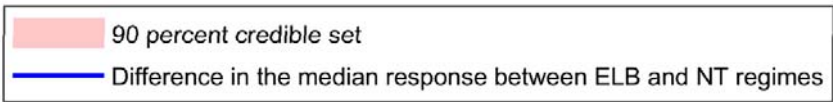
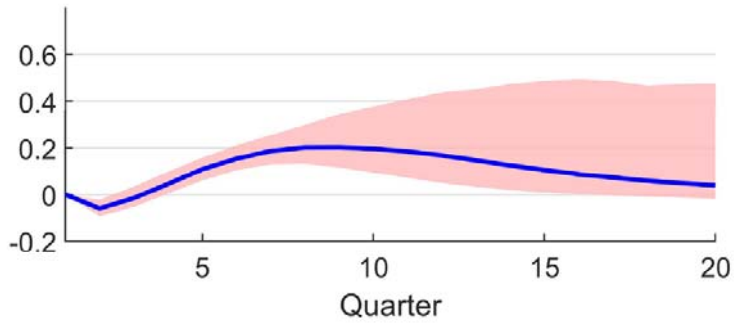
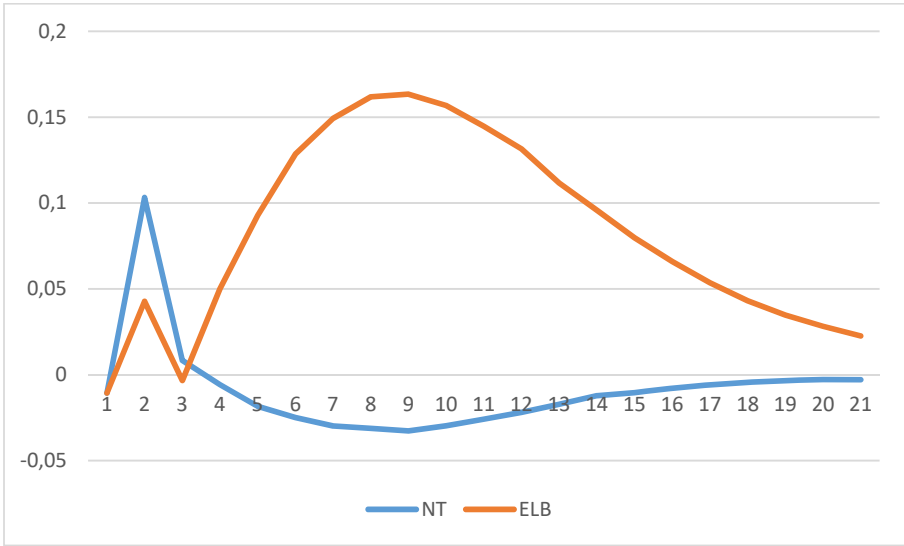


Supplementary Materials:

Figure A1: The effect of the government spending shock on consumption, investment and stock returns for Euro Area





Note: NT stands for normal times and ELB for the effective lower bound, with the last figure indicating the difference in the median response of stock returns across the two regimes.

Figure A2: The effect of government spending shock with 2 lags for the Euro Area

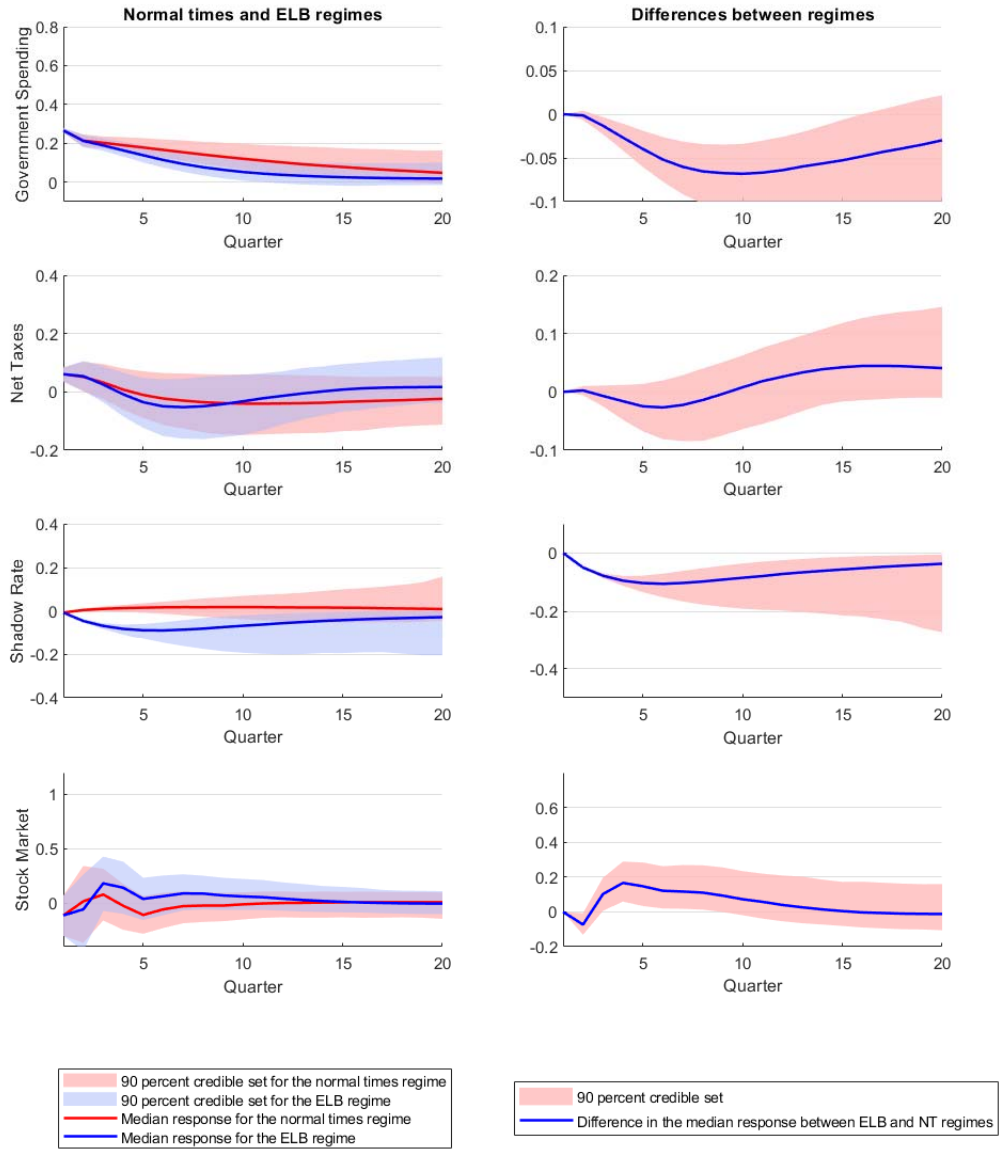


Figure A3: The effect of government spending shock with 2 lags for the US

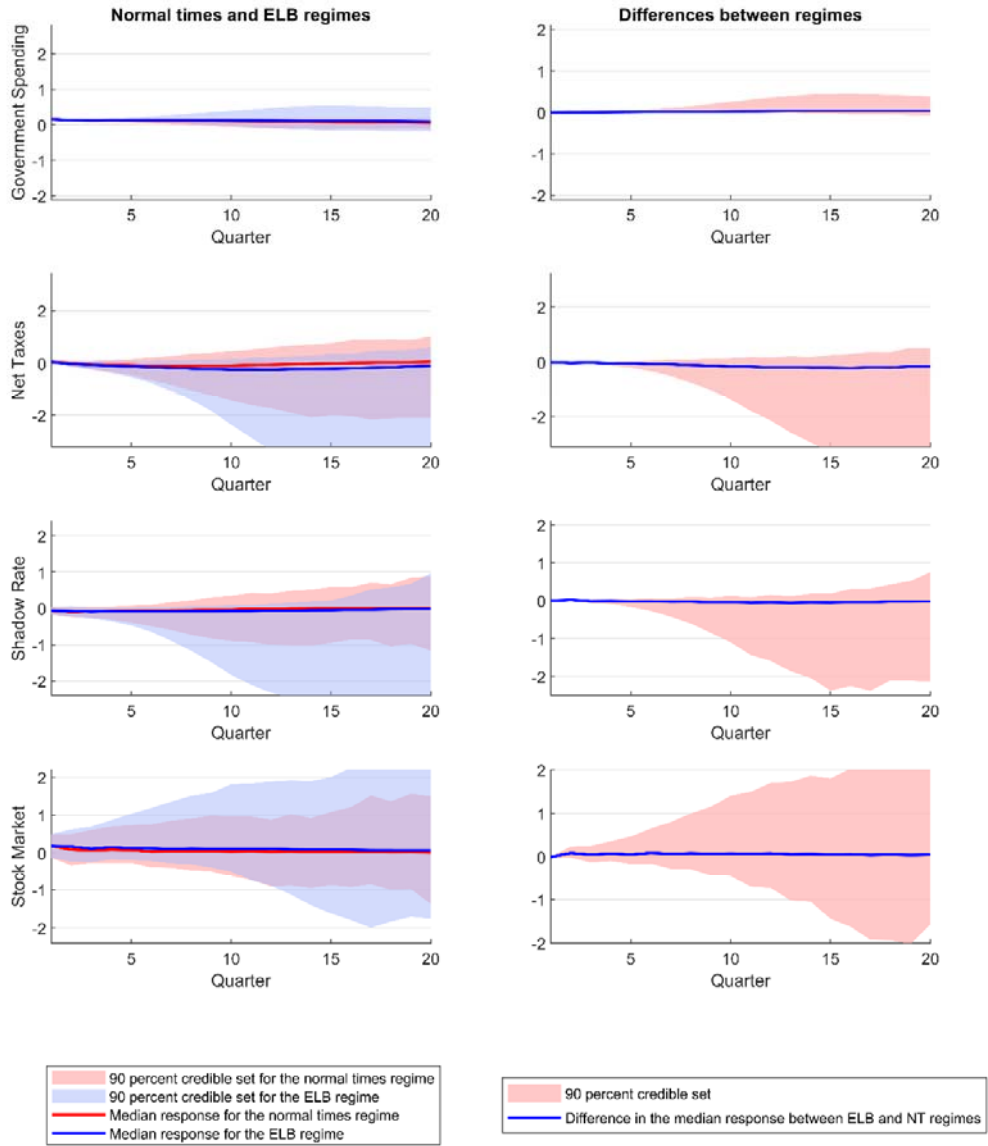


Figure A4(a): The effect of government spending shock during NT for the Euro Area in a panel local projections model

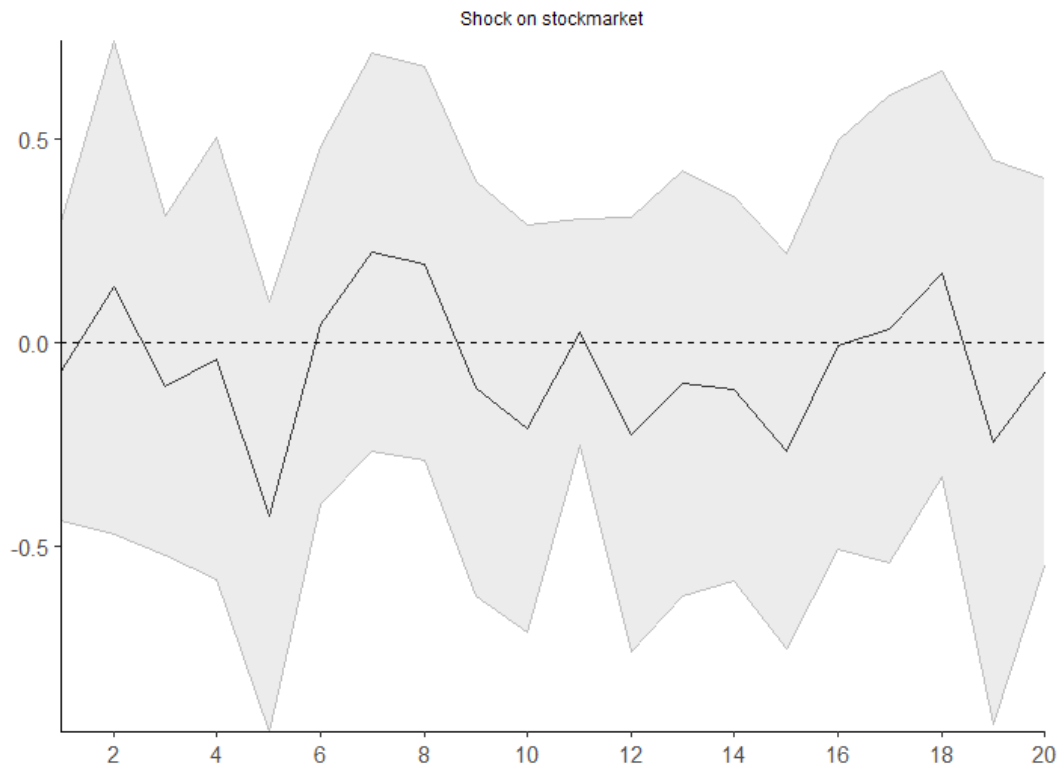
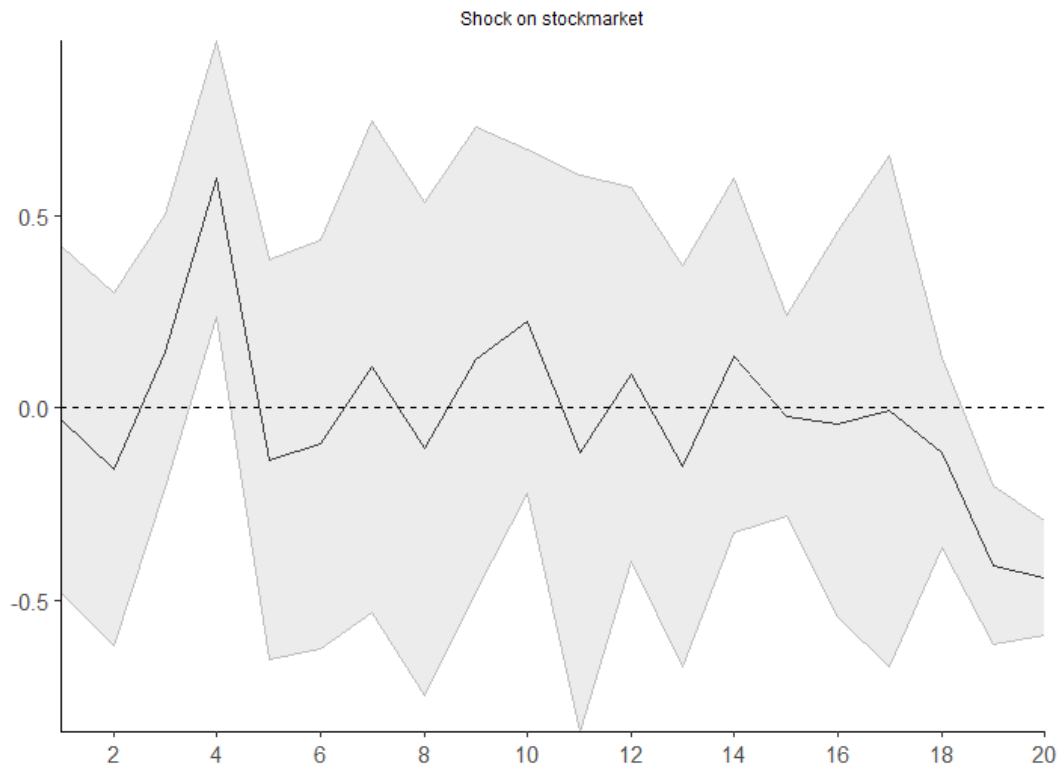


Figure A4(b): The effect of government spending shock during ELB for the Euro Area in a panel local projections model



Note: See Notes to Figure A1. The government spending shock is derived from the government spending equation of a VAR(1) model with all the relevant endogenous variables. The linear projections model is estimated with fixed effects.

Figure A5(a): The effect of government spending shock during expansion for the Euro Area in a panel local projections model

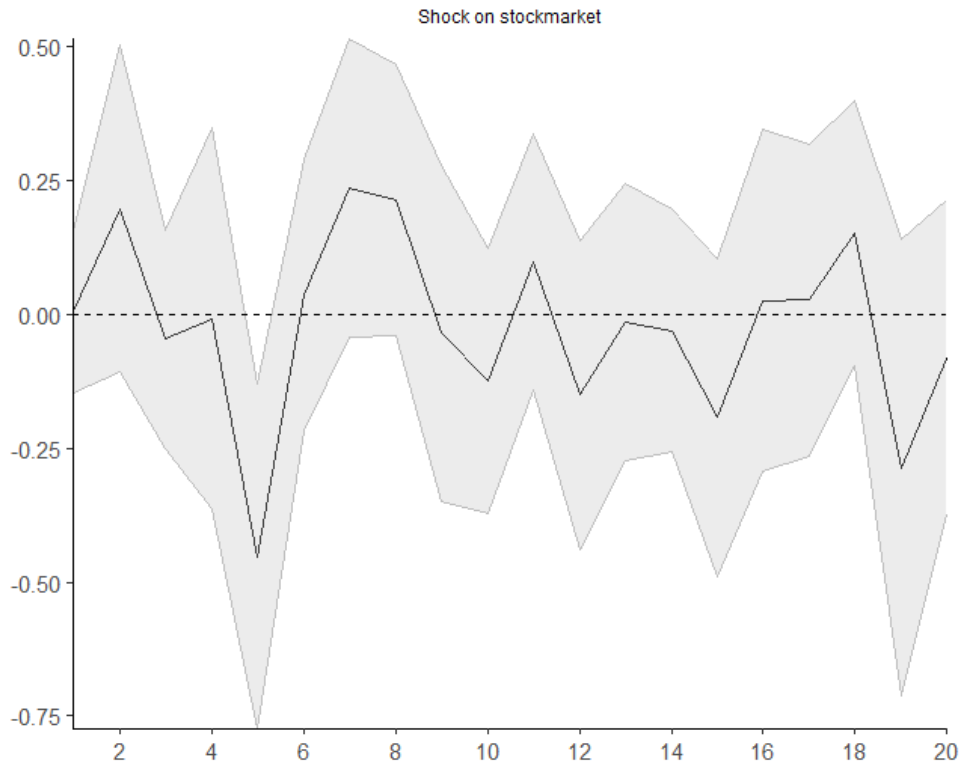
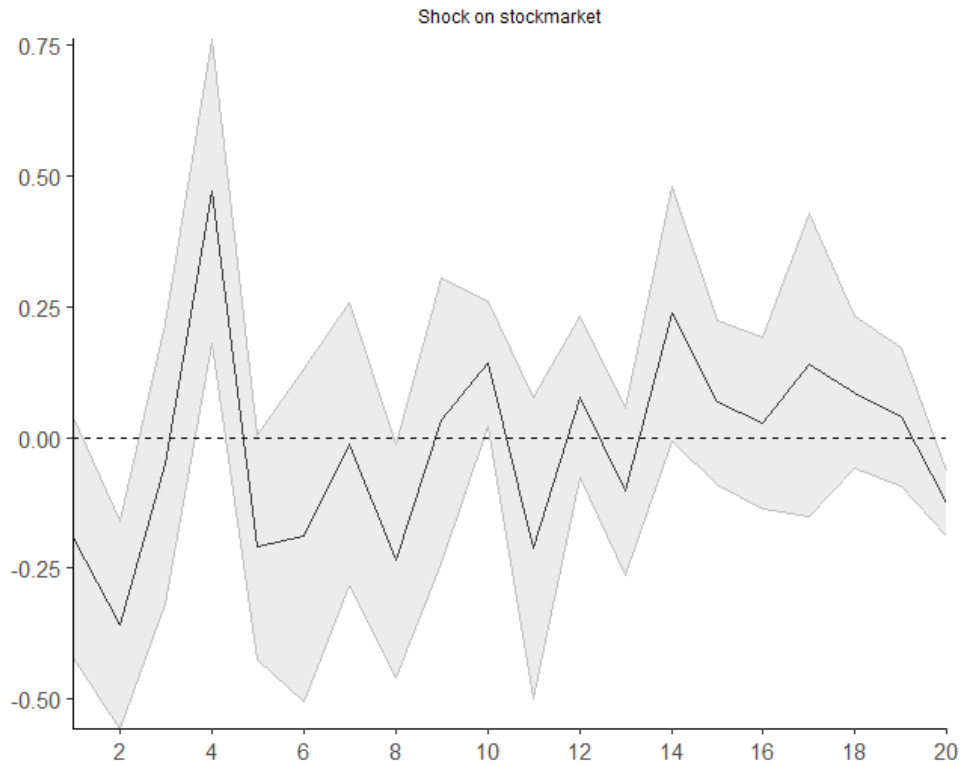


Figure A5(b): The effect of government spending shock during recession for the Euro Area in a panel local projections model



Note: The government spending shock is derived from the government spending equation of a VAR(1) model with all the relevant endogenous variables, with expansions and recessions identified based on the OECD indicators. The linear projections model is estimated with fixed effects.

Figure A6(a): The effect of government spending shock during expansion and NT for the Euro Area in a panel local projections model

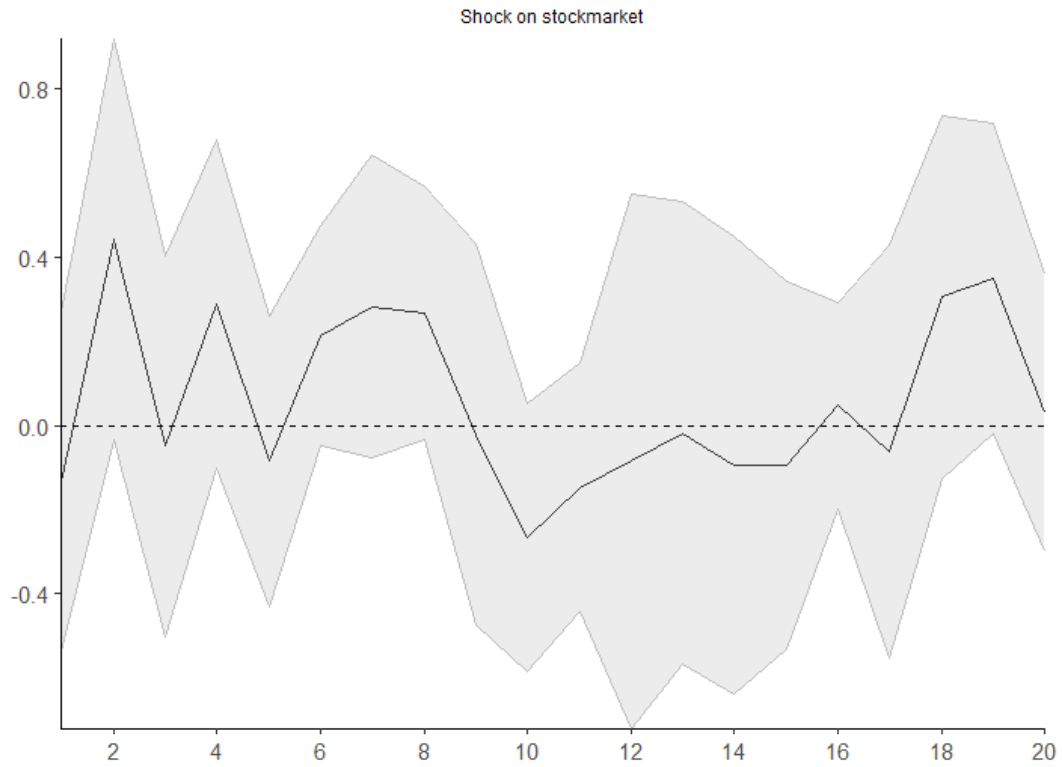
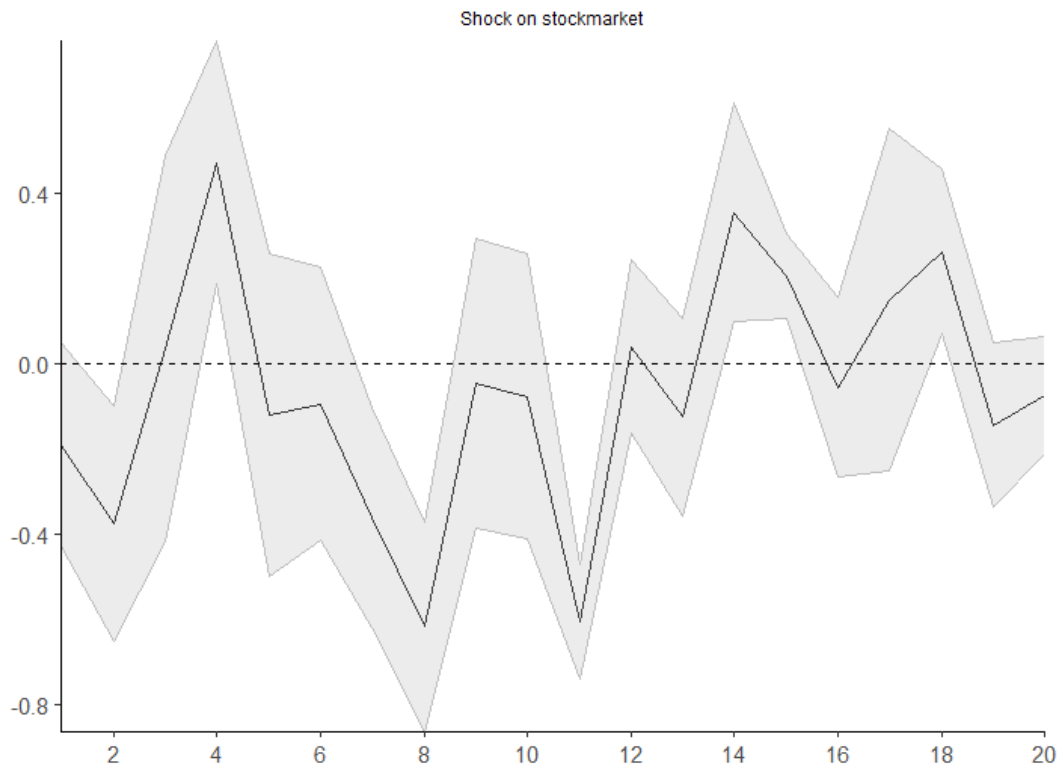


Figure A6(b): The effect of government spending shock during recession and ELB for the Euro Area in a panel local projections model



Note: See Notes to Figure A1. The government spending shock is derived from the government spending equation of a VAR(1) model with all the relevant endogenous variables, with expansions and recessions identified based on the OECD indicators. The linear projections model is estimated with fixed effects.