

Corrections

The main text

- In equations (4), (6), (10) and (26) \mathcal{D}_7^* is replaced with \mathcal{D}_7 . This does not affect the results (just a typo).
- On page 5, “A fraction n of households and firms **are** domestic” is replaced with “A fraction n of households and firms **is** domestic”
- On page 7, “Equation (5) and (6)” is replaced with “Equations (5) and (6)”
- On page 8, “Equations show (14) and (15)” is replaced with “Equations (14) and (15) show”
- On page 9, “the nominal exchanges rate changes” is replaced with “the nominal exchange rate changes”
- On page 12, “In the short, however” is replaced with “In the short **run**, however,”
- On page 12, I have added reference to “Typical estimates, however, are in the range of 5 to 6 (**Sutherland 2006, 1161**)”
- On page 14, “the foreign county's terms of trade” is replaced with “in the foreign country's terms of trade”
- On page 16, “a technology shocks” is replaced with “a technology shock”
- On page 19, “The sold line” is replaced with “The **solid** line”
- “with present prices” is replaced with “with sticky prices” (appears a number of times)

Appendix

- On page 2, “ark 1.0;” is replaced with “ark = 1.0;”
- I have corrected mistakes (typos) equation (A2) and (A32)
- Equation (A30) is corrected. $(\mathcal{E}-1)$ is replaced with $(1-\mathcal{E})$.

All these mistakes were only in the paper, not in the file that solves the model.

I have done no other changes to the paper.