Table 1: Equilibria

($A = 0.65, r = 0.04, b = 0.6, d = 0.04$)

A. No Risk $s_y = 0;\ s_z = 0$

	$q = 1.0$						$q = 1.75$						$q = 2.5$					
	$y \equiv y_i$	s_y	s_{y_i}	l	y/k	c/k	$y \equiv y_i$	s_y	s_{y_i}	l	y/k	c/k	$y \equiv y_i$	s_y	s_{y_i}	l	y/k	c/k
$g = -1.5$	3.004	0.000	0.000	0.577	0.388	0.317	1.812	0.000	0.000	0.704	0.313	0.255	1.090	0.000	0.000	0.771	0.268	0.217
$g = -4$	1.453	0.000	0.000	0.588	0.382	0.327	0.871	0.000	0.000	0.711	0.309	0.260	0.521	0.000	0.000	0.776	0.265	0.220
$g = -8$	0.796	0.000	0.000	0.593	0.379	0.331	0.475	0.000	0.000	0.714	0.307	0.262	0.284	0.000	0.000	0.777	0.264	0.221

B. Aggregate Risk Only $s_y = 0.025;\ s_z = 0$

	$q = 1.0$						$q = 1.75$						$q = 2.5$					
	$y \equiv y_i$	s_y	s_{y_i}	l	y/k	c/k	$y \equiv y_i$	s_y	s_{y_i}	l	y/k	c/k	$y \equiv y_i$	s_y	s_{y_i}	l	y/k	c/k
$g = -1.5$	3.011	0.969	0.969	0.577	0.388	0.318	1.817	0.783	0.783	0.704	0.313	0.255	1.093	0.672	0.672	0.771	0.268	0.217
$g = -4$	1.472	0.954	0.954	0.588	0.382	0.327	0.883	0.772	0.772	0.711	0.309	0.260	0.531	0.663	0.663	0.776	0.265	0.220
$g = -8$	0.833	0.948	0.948	0.593	0.379	0.331	0.500	0.768	0.768	0.713	0.307	0.262	0.302	0.660	0.660	0.777	0.264	0.221

C. Aggregate Plus Idiosyncratic Risk

(i): $s_y = 0.025;\ s_z = 0.15$

	$q = 1.0$						$q = 1.75$						$q = 2.5$					
	$y \equiv y_i$	s_y	s_{y_i}	l	y/k	c/k	$y \equiv y_i$	s_y	s_{y_i}	l	y/k	c/k	$y \equiv y_i$	s_y	s_{y_i}	l	y/k	c/k
$g = -1.5$	3.284	0.972	5.913	0.575	0.389	0.316	1.997	0.785	4.778	0.702	0.314	0.254	1.226	0.672	4.088	0.770	0.269	0.217
$g = -4$	2.159	0.961	5.846	0.583	0.384	0.323	1.335	0.778	4.730	0.707	0.311	0.258	0.865	0.667	4.059	0.773	0.267	0.218
$g = -8$	2.188	0.961	5.848	0.583	0.385	0.323	1.391	0.778	4.734	0.707	0.311	0.257	0.961	0.669	4.067	0.772	0.267	0.218

(ii) $s_y = 0.025;\ s_z = 0.20$

	$q = 1.0$						$q = 1.75$						$q = 2.5$					
	$y \equiv y_i$	s_y	s_{y_i}	l	y/k	c/k	$y \equiv y_i$	s_y	s_{y_i}	l	y/k	c/k	$y \equiv y_i$	s_y	s_{y_i}	l	y/k	c/k
$g = -1.5$	3.498	0.974	7.854	0.574	0.390	0.315	2.139	0.787	6.345	0.701	0.315	0.253	1.330	0.673	5.429	0.770	0.269	0.216
$g = -4$	2.707	0.966	7.792	0.579	0.387	0.320	1.696	0.782	6.303	0.705	0.313	0.256	1.131	0.671	5.408	0.771	0.268	0.217
$g = -8$	3.297	0.972	7.839	0.575	0.389	0.316	2.119	0.787	6.343	0.701	0.315	0.254	1.498	0.676	5.446	0.768	0.270	0.216

(iii) $s_y = 0.04\ s_z = 026$

	$q = 1.0$						$q = 1.75$						$q = 2.5$					
	$y \equiv y_i$	s_y	s_{y_i}	l	y/k	c/k	$y \equiv y_i$	s_y	s_{y_i}	l	y/k	c/k	$y \equiv y_i$	s_y	s_{y_i}	l	y/k	c/k
$g = -1.5$	3.851	1.564	10.29	0.571	0.391	0.313	2.372	1.264	8.311	0.700	0.316	0.252	1.503	1.081	7.109	0.768	0.270	0.215
$g = -4$	3.629	1.561	10.26	0.573	0.390	0.314	2.303	1.262	8.302	0.700	0.316	0.253	1.579	1.082	7.119	0.768	0.271	0.215
$g = -8$	5.226	1.586	10.43	0.561	0.396	0.304	3.384	1.283	8.438	0.692	0.321	0.247	2.427	1.100	7.235	0.762	0.275	0.211

Table 2: Welfare Gains from Stabilization of Aggregate Shocks

(i) s_y reduced from 0.025 to 0

	and s_z reduced from 0.15 to														
	0.15	0.125	0.10	0.075	0	0.15	0.125	0.10	0.075	0	0.15	0.125	0.10	0.075	0
	$q = 1.0$					$q = 1.75$					$q = 2.5$				
	%Δ(Ω)					%Δ(Ω)					%Δ(Ω)				
$g = -1.5$	0.076	0.908	1.589	2.117	2.796	0.061	0.734	1.283	1.710	2.259	0.053	0.631	1.104	1.472	1.944
$g = -4$	0.104	1.245	2.172	2.889	3.807	0.086	1.026	1.790	2.382	3.138	0.075	0.900	1.571	2.090	2.754
$g = -8$	0.164	1.956	3.402	4.515	5.931	0.135	1.612	2.805	3.723	4.891	0.119	1.414	2.462	3.268	4.295

(ii) s_y reduced from 0.025 to 0

	and s_z reduced from 0.20 to														
	0.20	0.175	0.15	0.10	0	0.20	0.175	0.15	0.10	0	0.20	0.175	0.15	0.10	0
	$q = 1.0$					$q = 1.75$					$q = 2.5$				
	%Δ(Ω)					%Δ(Ω)					%Δ(Ω)				
$g = -1.5$	0.078	1.241	2.248	3.794	5.027	0.063	0.999	1.810	3.053	4.046	0.054	0.858	1.553	2.621	3.473
$g = -4$	0.110	1.743	3.144	5.275	6.959	0.090	1.427	2.576	4.323	5.704	0.078	1.247	2.250	3.778	4.987
$g = -8$	0.180	2.844	5.105	8.503	11.16	0.147	2.319	4.164	6.941	9.111	0.128	2.020	3.629	6.054	7.952

(iii) s_y reduced from 0.04 to 0

	and s_z reduced from 0.26 to														
	0.26	0.22	0.18	0.13	0	0.26	0.22	0.18	0.13	0	0.26	0.22	0.18	0.13	0
	$q = 1.0$					$q = 1.75$					$q = 2.5$				
	%Δ(Ω)					%Δ(Ω)					%Δ(Ω)				
$g = -1.5$	0.207	2.690	4.751	6.742	8.905	0.166	2.152	3.800	5.390	7.118	0.142	1.839	3.248	4.607	6.084
$g = -4$	0.306	3.931	6.886	9.697	12.71	0.248	3.184	5.580	7.861	10.31	0.215	2.760	4.841	6.824	8.951
$g = -8$	0.546	6.895	11.93	16.63	21.57	0.434	5.496	9.530	13.30	17.27	0.372	4.719	8.195	11.45	14.89

Table 3: Rates of Return

A. Aggregate Risk Only $s_y = 0.025;\ s_z = 0$

	$q = 1.0$				$q = 1.75$				$q = 2.5$			
	r_K	r	$r_K - r$	s/y	r_K	r	$r_K - r$	s/y	r_K	r	$r_K - r$	s/y
$g = -1.5$	11.51	11.51	0	18.1	8.53	8.52	0.01	18.6	6.72	6.71	0.01	19.0
$g = -4$	11.27	11.22	0.05	14.3	8.36	8.33	0.03	15.8	6.61	6.59	0.02	17.1
$g = -8$	11.17	11.09	0.08	12.7	8.28	8.23	0.05	14.7	6.56	6.52	0.04	16.3

B. Aggregate Plus Idiosyncratic Risk

(i): $s_y = 0.025;\ s_z = 0.15$

	$q = 1.0$				$q = 1.75$				$q = 2.5$			
	r_K	r	$r_K - r$	s/y	r_K	r	$r_K - r$	s/y	r_K	r	$r_K - r$	s/y
$g = -1.5$	11.55	10.68	0.87	18.7	8.57	8.00	0.57	19.1	6.75	6.33	0.42	19.4
$g = -4$	11.38	9.67	1.71	16.0	8.44	7.32	1.12	17.2	6.68	5.85	0.83	18.2
$g = -8$	11.38	8.30	3.08	16.1	8.45	6.43	2.02	17.3	6.70	5.21	1.49	18.6

(ii) $s_y = 0.025;\ s_z = 0.20$

	$q = 1.0$				$q = 1.75$				$q = 2.5$			
	r_K	r	$r_K - r$	s/y	r_K	r	$r_K - r$	s/y	r_K	r	$r_K - r$	s/y
$g = -1.5$	11.59	10.05	1.54	19.2	8.59	7.59	1.00	19.5	6.77	6.04	0.73	19.6
$g = -4$	11.46	8.43	3.03	17.4	8.51	6.52	1.99	18.2	6.73	5.27	1.46	19.1
$g = -8$	11.56	6.03	5.53	18.8	8.59	4.70	3.62	19.4	6.81	4.14	2.67	20.4

(iii) $s_y = 0.04$ $s_z = 026$

	$q = 1.0$				$q = 1.75$				$q = 2.5$			
	r_K	r	$r_K - r$	s/y	r_K	r	$r_K - r$	s/y	r_K	r	$r_K - r$	s/y
$g = -1.5$	11.64	9.00	2.64	20.0	8.64	6.91	1.73	20.2	6.81	5.55	1.26	20.4
$g = -4$	11.61	6.34	5.27	19.6	8.62	5.18	3.45	20.0	6.82	4.29	2.53	20.6
$g = -8$	11.86	2.07	9.79	23.3	8.83	2.42	6.41	23.0	7.00	2.29	4.71	23.4
$g = -8$ $b = 0.65$	9.67	1.70	9.50	22.7	6.93	0.86	6.08	22.5	5.29	0.90	4.39	23.0