

## Errata for

“The Cost Channel of Monetary Transmission” by Marvin J. Barth III and Valerie A. Ramey

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At the top of page 209 of the article, we state: “On average over the period 1959 to 2000, gross working capital was equal to 17 months of final sales, and net working capital was equal to 11 months of sales.” Thanks to some questions by William Gavin at the St. Louis Federal Reserve, we discovered an error in the calculations behind these numbers.

We calculated the numbers based in part on a Bureau of Economic Analysis table presenting data on final sales (the current version of this table is NIPA Table 5.7.5). The subtitle of the table states that the numbers are “seasonally adjusted quarterly totals.” However, a footnote says that some of the numbers are monthly rates. Our calculations assumed that the final sales numbers were quarterly totals, not monthly totals. We have now discovered that the numbers were monthly rates.

This means that the numbers in the quote above are too high by a factor of three. Thus, rather than 17 months, it should be 5.7 months, and rather than 11 months, it should be 3.7 months.