**Appendix**

*Proof of Proposition 1*. Because $u(\cdot)$ is continuous, twice differentiable, and concave and the budget constraint is linear in $c$ and $c^*$, there exists continuous functions $c(p,e,\bar{p},\theta,y)$ and $c^*(p,e,\bar{p},\theta,y)$ that satisfy (2), (5) and (6). Furthermore,

$$\frac{\partial c(\cdot)}{\partial p}<0,\ \frac{\partial c(\cdot)}{\partial[E(p^*)e]}>0\ \ and\ \ \frac{\partial c^*(\cdot)}{\partial p}>0,\ \frac{\partial c^*(\cdot)}{\partial[E(p^*)e]}<0\ .$$

If $g(c/c^*)\equiv c(\cdot)/c^*(\cdot)$, then

$$\frac{\partial g(\cdot)}{\partial[E(p^*)e]}=\frac{\left[\frac{\partial c(\cdot)}{\partial[E(p^*)e]}c^*(\cdot)\right]-\left[\frac{\partial c^*(\cdot)}{\partial[E(p^*)e]}c(\cdot)\right]}{\left[\frac{\partial c^*(\cdot)}{\partial[E(p^*)e]}\right]^2}>0\ .$$

Thus, $g(\cdot)$ is increasing in $E(p^*)e$ as maintained in part a.

Differentiating $g(\cdot)$ with respect to $p$ yields

$$\frac{\partial g(\cdot)}{\partial p}=\frac{\left[\frac{\partial c(\cdot)}{\partial p}c^*(\cdot)\right]-\left[\frac{\partial c^*(\cdot)}{\partial p}c(\cdot)\right]}{\left[\frac{\partial c^*(\cdot)}{\partial p}\right]^2}<0\ .$$

Therefore, $g(\cdot)$ is decreasing in $p$ as maintained in part b.

*Proof of Proposition 2*. Uncertainty influences $c(\cdot)$ and $c^*(\cdot)$ by its effects on $E(p^*)$. Specifically,

$$\frac{\partial c(\cdot)}{\partial j}=\frac{\partial c(\cdot)}{\partial E(p^*)}\frac{\partial E(p^*)}{\partial\theta}\frac{\partial\theta}{\partial j}$$

and