

## ECO 318, Winter 2019, HW #6

This assignment is optional. If you satisfactorily complete it by the Friday of finals week, 1/15 (equivalent to one homework assignment) of your worst grade will be replaced with full credit. For example, if your worst grade is an 80/120 on the midterm, your score will be adjusted to an 88.

Step #1: Obtain access to R Studio. This is free software and can be downloaded from [rstudio.com](http://rstudio.com).

Step #2. Download and save the R code for the Smets and Wouters (2003) New Keynesian Model. These files are *SW\_03.R* and *SW\_03.gcn* are available from:

<http://gecon.r-forge.r-project.org/models.html>.

Step #3: Go to <http://gecon.r-forge.r-project.org/download.html>. and download the *gEcon* package. Install it.

Step #4: Run the baseline Smets and Wouters model. R will create three .tex files containing the results.

Step #5: Choose a parameter to re-calibrate from the Smets and Wouters model. Re-run your file (you should probably re-name the version of *SW\_03.R* that includes the alternate calibration.)

Step #6: Compile the results from both simulations in LaTeX. Discuss 1) why you chose the alternate calibration, 2) how you expected the alternate calibration to impact the model's impulse response functions, and 3) how the actual impulse response functions differ.

Step #7: Submit your compiled Latex file (e.g. as a pdf).