

Matlab Code for:
The Dynamic Behavior of the Real Exchange Rate in Sticky Price Models

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I have posted Matlab code that produces results reported in Steinsson (2007) in two Zip files: EmpForWeb.zip and ModelForWeb.zip. The first of these files contains code that produces results from the empirical part of the paper, while the second file contains code that replicates results in the theoretical part of the paper.

EmpForWeb.zip contains a number of files. All but two of these are support files. The files that the user should open and run are “EstRealExchangeRate.m” and “PlotUSQ.m”. The first of these files produces the bulk of the empirical results of the paper. The second produces figure 4 of the paper.

ModelForWeb.zip also contains a number of files. All but one of these files are support files. The file the user should open and run is “persistTaylorRule.m”. This file will produce the bulk of the theoretical results reported in the paper.

These Zip files contain a few files written by other researchers than myself. First, both Zip files contain the program “hpf.m”. This code HP-filters a time series. It is written by Marianne Baxter and Robert King. For an extensive discussion of filtering by these authors, see Baxter and King (1999). ModelForWeb.zip also contains “gensys.m” written by Chris Sims and several support files of this program. For an extensive discussion of the solution of linear rational expectations models using gensys.m, see Sims (2001).

References

- BAXTER, M., AND R. G. KING (1999): “Measuring Business Cycles: Approximat Band-Pass Filters for Economic Time Series,” *Review of Economics and Statistics*, 81(4), 575–593.
- SIMS, C. A. (2001): “Solving Linear Rational Expectations Model,” *Journal of Computational Economics*, 20, 1–20.
- STEINSSON, J. (2007): “The Dynamics Behavior of the Real Exchange Rate in Sticky Price Models,” forthcoming, *American Economic Review*.