Notes:

Code:

1. For Monte Carlo Simulation: A complete simulation with full sample size and iteration steps could take a while. Please consider using `Code/Simulation/Showcase.R` to run a small-scale Monte Carlo experiment. For replication of the results, please use `Code/Simulation/Replica.R` to extract the files from the folder `Code/Simulation/Server`. These results are generated on the StatOek3 Server. Server information: 128 CPUs each Intel(R) Xeon(R) CPU E5-4660 v4 @ 2.20GHz.

2. For Application: The main file is `Code/Main.R`, which contains most of our calculations such as, inter alia, specifications and diagonastics of reduced-form VAR, identifications of structural VAR, computation of IRFs, boostrap inference. Supplement files:

- `Code/Fa.R` performs factor-augumented VAR analysis.
- `Code/Hist_decomp.R` performs historical decompositions.
- `Code/Volcker.R` computes the cumulative comtributions of Vocker's monetary policy to disinflation.
- `Code/barplot.R` plots the cumulative comtributions of Vocker's disinflation as a beautiful barplot.
Please always run `Code/Main.R` first, in order to run other supplement files.

3. All involved functions are collected in the local package `Code/Functions`.

Data:

1. `data/USA_Tri.csv` contains variables in the VAR system.
2. Folder ``data/Instruments` contains all employed monetary policy proxies.
3. `data/Factors/fred-database_code/current.csv` contains informational variables, which latent factors are extracted from.