BCA Replication: Classical VAR IRFs

Matthew DeHaven

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What is being replicated

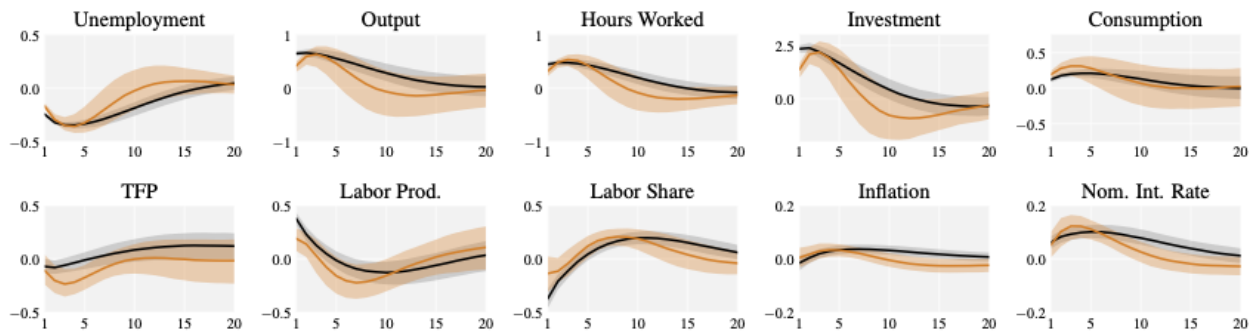The goal is to replicate Figure 20 of the Online Appendix, copied below.

Figure 1: Figure 20: Impulse Response Functions to the MBC Shock: Bayesian vs Classical Inference

In particular, the orange line in the figure above shows the Classical VAR, the black line shows the Bayesian VAR. Both are targetting the business cycle frequency domain for unemployment. The orange band shows the 68% bootstrapped confidence interval. The orange line *actually* shows the median of the boostrapped VAR IRFs, but I have pulled the non-bootstrapped IRF series for comparison below. The median is very close (see below).

Yet to be implemented: bootstrapping the replicated VAR.

Replication

Recreating Figure 20 exactly
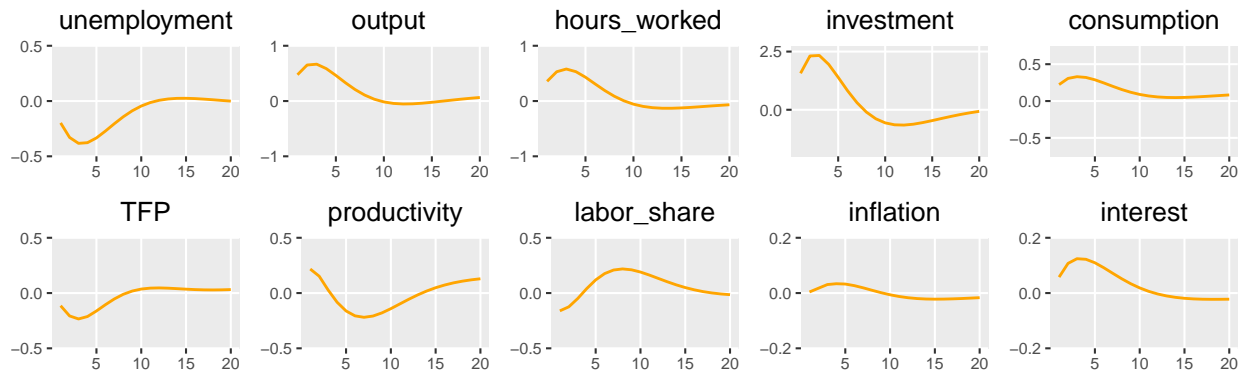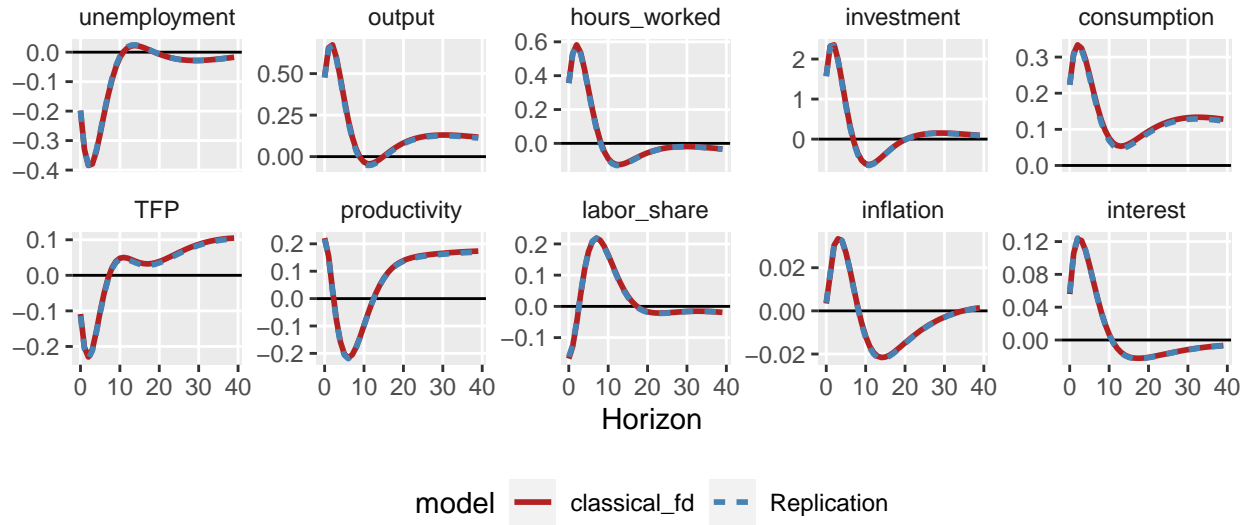

Comparing replicated series to the original.

Figure 2: Comparison of Replicated IRF to Original
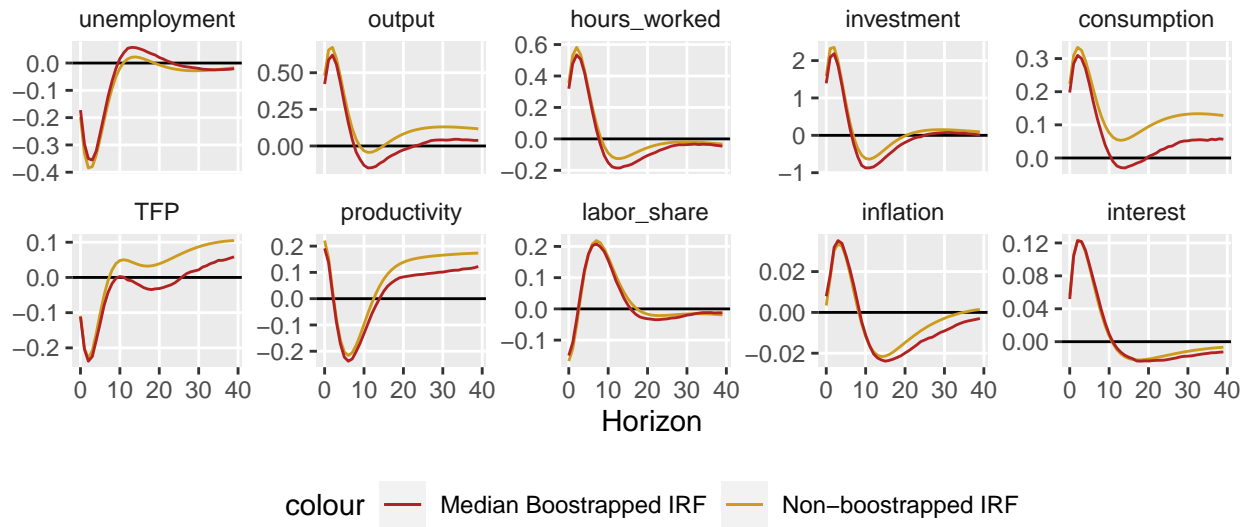
Comparing the original series to the median-bootstrap series (in Figure 20).

Figure 3: Comparison of Replicated IRF to Original

2