These are the files used to set up and solve the two baseline macoreconomic models used in the paper, "The Sensitivity of Long-Term Interest Rates to Economic News: Evidence and Implications for Macroeconomic Models," by Refet Gurkaynak, Brian Sack, and Eric Swanson.

Files that begin with "cgg" are for the Clarida-Gali-Gertler model.
Files that begin with "r2k" are for the Rudebusch model.
Files that have the term "pistar" in them (e.g., "cggpistar.m") are for the version of the model with a time-varying inflation target, pistar.

There are four Matlab programs (cgg.m, cggpistar.m, r2k.m, and r2kpistar.m) which, when run, should reproduce all of the figures used in the paper. These programs were run in Matlab version 6 on a Sun Sparc workstation running Solaris 2.9 (Solaris 9).

Note that, because these models are forward-looking, you need AIM (or some other linear rational-expectations equation solver) to solve them. We have included a version of AIM with these files in the subdirectory "aim/". However, the included version of the parser ("mdlez-aim") will only run in Unix-type environments--to run the parser on a PC, you will need to install either the Cygwin public domain utilities or go to the Federal Reserve Board's public web site and download a PC-compatible version of AIM. If you are interested only in replicating the figures in the paper, without altering the models at all, then you do not need the parser, since we have included the parser output for each model (e.g., "cgg_aim_data.m" and "cgg_aim_matrices.m").

Parameter values in the models can be changed without re-parsing. Just modify the corresponding parameter values in the "cgg.m", "r2k.m", etc. files. Refer to the original model files ("cgg", "r2k", etc.) to see how each parameter enters.

To make more significant modifications to the models, you must modify the equations in the original model files, ("cgg", "cggpistar", "r2k", and "rskpistar"), and then re-parse the files.