**Replication Files for "Priors for the Long Run,"by Giannone, Lenza and Primiceri (November 2017 version).**

This folder contains the following files:

* Main function
  + **bvarPLR.m**: estimates the BVAR

* Auxiliary Fuctions
  + **logMLbvarPLR.m**: computes the marginal likelihood and the posterior mode of the parameters and hyperparameters
  + **setPLR.m**: sets up the default choices for the prior
* Matlab scripts to replicates the figure of the paper
  + **Main3Variables.m**: constructs figure 5.1 (mean squared forecast errors in models with three variables)
  + **Main7Variables.m**: constructs figures 5.3 and 5.4 (mean squared forecast errors in models with seven variables)
  + **Main3VariablesInvariant.m**: constructs figure 6.1 (mean squared forecast errors in models with three variables) based on invariant version of the PLR
  + **Main7Variables.m**: constructs figure 6.2 (mean squared forecast errors in models with seven variables) based on invariant version of the PLR
* Subroutines are collected in a sub-directory, including the optimization function “csminwel.m” by Chris Sims (<http://www.princeton.edu/~sims/>)
* The data used for the estimation of the 3- and 7-variable VARs (after the transformations described in Appendix D) are in the **y.mat** file. Therefore, it is not necessary to download the data from the FRED dataset on the Federal Reserve Bank of St. Louis website.