This folder contains the files required to replicate the results in Tables 1-2 and Figures 1-5 in Delle Monache, Petrella and Venditti: “Price Dividend Ratio and Long-Run Stock Returns: a Score Driven State Space Model”

* StructuralBreak\_Tests.m – Computes results in table 1
  + This requires the codes for the Bai and Perron structural break test available on Pierre Perron’s website (<http://people.bu.edu/perron/>) and the codes for the Nyblom test for parameter instability in linear models as reported in Hansen (1992), which are available on Bruce Hansen’s website (<https://www.ssc.wisc.edu/~bhansen/>).
* BaselineModel.m – Reproduces Table 2 and Figures 1-4
* ExtendedModel.m – Reproduces Figure 5
  + The latter two, when in estimation mode, require Chris Sims’ minimization routine (csminwel.m), which is available at <http://sims.princeton.edu/yftp/optimize/>

The data are stored in the subfolder “\DATA”

* SaveDataReal\_Annual: Contains (real) returns, dividend growth and log price dividend data required to replica the results in Tables 1-2 and Figures 1-4
* SaveDataPremium\_Annual: Contains the data required to replicate the results in Figure 5 (Section 5 of the paper)
* Data\_Rstar: Cointains a collection of alternative r\* estimates (used for Figure 5)