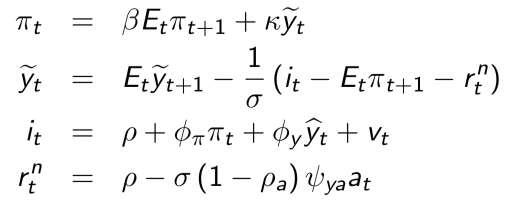
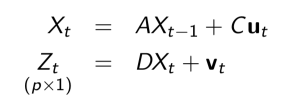
* The benchmark model:

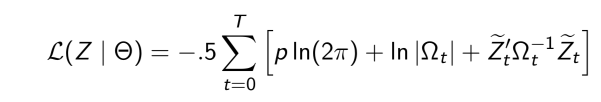


Parameters: 

* The gensys.m solves the state space system, and gives **A** and **C**



* D and the covariance of z will depend on what observable variables to be included in .
* For the given state space system, evaluate the log-likelihood, where is the innovation from Kalman filter



* The code consists of
  + A main program defining starting values for simulated annealing. DSGE\_SA.m
  + A function that translates into state-space system. LLDSG.m
  + A function that evaluates . LLDSG.m using simulated annealing: simannb.m
  + Solving the New Keynsian model using method of undetermined coefficients. NKBC\_model.m, builds up the linear rational expectation system, and gensys.m solves the NKB model in a state space form. (the two are combined)
  + filter\_gap\_DSGE and LLDSG.m have the same basic structure. filter\_gap\_DSGE calls NKBC\_model.m and NKBC\_model.m calls gensys.m.