

[IrisToolbox] for Macroeconomic Modeling

Practical tricks operating nonlinear models

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Practical problems operating (larger) nonlinear models

- Difficult to tell if the problem is imperfection of the numerical algorithm, or the simulation reaching out of the corridor of stability
- Use auxiliary devices to make convergence happen, and to measure the extent of the pressures

False slope

- Occasionally binding constraints
- Discontinuities pose relatively little difficulties
- The zero slope of the `max` or `min` functions is a more serious problem

Pressure relief valves (PRVs)

- Mechanical
- Structural