

Estimate

Case = shock

$$f_L(\rho_L^*) = \sigma_L^*$$

Case = Rare

$$g_L(\rho_L^*) = \sigma_L^*$$

Case = shock :

$$f_L(\rho_L^*) = \sigma_L^*$$

Case = Rare

$$g_L(\rho_L^*) = \sigma_L^*$$

update model

evaluate candi-
date models

is best
candidate

stop