

Dynamic Programming Exercise Class 6

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Case study: Same as last few weeks

We are still replacing engines

Exercise 2 and 3

If you did not finish exercise 1 then finish that first.

- Exercise 2:
 - Can we from simulated data estimate our own parameters back with NFXP
 - Monte-Carlo exercise to test that estimation algorithm is working.
- Exercise 3 (Only if you have time)
 - Finding equilibrium replacement demand
 - Useful if you want to consider general equilibrium (see Bertels lecture about car markets)