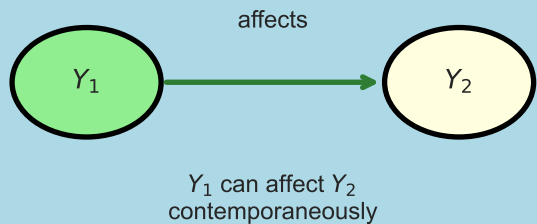
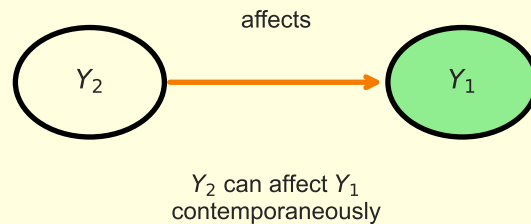


Cholesky Ordering: Order Matters!

Ordering 1: Y_1 first



Ordering 2: Y_2 first



Key Points:

- Different orderings give DIFFERENT IRFs!
- Ordering should be based on economic theory
- "Fast-moving" variables should come first