Table 1: Endogenous

Variable	LaTeX	Description
y	y	output
c	c	consumption
n	n	hours
v	v	investment
k	k	capital
r	r	real rate
z	z	TFP

Table 2: Exogenous

Variable	LaTeX	Description
epsilon	ϵ_z	TFP shock

Table 3: Parameters

Variable	LaTeX	Description
rho	ρ	capital share
bet	β	discount factor
delt	δ	depreciation rate
psi	ψ	persistence TFP shock
eta	η	risk aversion
sigmae	σ_e	i.i.d TFP shock

Table 4: Parameter Values

Parameter	**Value**	**Description**
ρ	0.330	capital share
β	0.990	discount factor
δ	0.025	depreciation rate
ψ	0.950	persistence TFP shock
η	5.000	risk aversion
σ_e	0.010	i.i.d TFP shock

$$R = \frac{1}{\beta}$$

$$KY = \frac{\rho}{\frac{1}{\beta} - (1 - \delta)}$$

$$CY = 1 - \delta \, \frac{\rho}{\frac{1}{\beta} - (1 - \delta)}$$

$$y_t = c_t \left(1 - \delta \, \frac{\rho}{\frac{1}{\beta} - (1 - \delta)} \right) + v_t \, \delta \, \frac{\rho}{\frac{1}{\beta} - (1 - \delta)} \tag{1}$$

$$\frac{1}{\eta} \, r_{t+1} = c_{t+1} - c_t \tag{2}$$

$$c_t \, \eta = y_t - n_t \tag{3}$$

$$r_t = (y_t - k_{t-1}) \; \rho \, \frac{1}{\frac{\rho}{\frac{1}{\beta} - (1 - \delta)}} \tag{4}$$

$$k_t = (1 - \delta) \; k_{t-1} + \delta \, v_t \tag{5}$$

$$y_t = z_t + \rho \, k_{t-1} + n_t \; (1 - \rho) \tag{6}$$

$$z_t = \psi \, z_{t-1} + \epsilon_{zt} \tag{7}$$

$$R = \frac{1}{\beta}$$

$$KY = \frac{\rho}{\frac{1}{\beta} - (1 - \delta)}$$

$$CY = 1 - \delta \, \frac{\rho}{\frac{1}{\beta} - (1 - \delta)}$$

$$y = \left(1 - \delta \, \frac{\rho}{\frac{1}{\beta} - (1 - \delta)} \right) \, c + \delta \, \frac{\rho}{\frac{1}{\beta} - (1 - \delta)} \, v \tag{8}$$

$$\frac{1}{\eta} \, r = 0 \tag{9}$$

$$c \, \eta = y - n \tag{10}$$

$$r = (y - k) \; \rho \, \frac{1}{\frac{\rho}{\frac{1}{\beta} - (1 - \delta)}} \tag{11}$$

$$k = (1 - \delta) \; k + \delta \, v \tag{12}$$

$$y = z + \rho \, k + n \; (1 - \rho) \tag{13}$$

$$z = z \, \psi + \epsilon_z \tag{14}$$