

Table 1: Endogenous

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

Table 2: Exogenous

Variable	$\LaTeX$	Description
epsilon	$\epsilon_z$	TFP shock

Table 3: Parameters

Variable	$\LaTeX$	Description
rho	$\rho$	capital share
bet	$\beta$	discount factor
delt	$\delta$	depreciation rate
psi	$\psi$	persistence TFP shock
eta	$\eta$	risk aversion
sigmae	$\sigma_e$	i.i.d TFP shock

Table 4: Parameter Values

Parameter	Value	Description
$\rho$	0.330	capital share
$\beta$	0.990	discount factor
$\delta$	0.025	depreciation rate
$\psi$	0.950	persistence TFP shock
$\eta$	2.000	risk aversion
$\sigma_e$	0.010	i.i.d TFP shock

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

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

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

$$y_t = c_t \left( 1 - \delta \frac{\rho}{\frac{1}{\beta} - (1 - \delta)} \right) + i_t \delta \frac{\rho}{\frac{1}{\beta} - (1 - \delta)} \quad (1)$$

$$\frac{1}{\eta} r_{t+1} = c_{t+1} - c_t \quad (2)$$

$$c_t \eta = y_t - n_t \quad (3)$$

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

$$k_t = (1 - \delta) k_{t-1} + \delta i_t \quad (5)$$

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

$$z_t = \psi z_{t-1} + \epsilon_{zt} \quad (7)$$

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

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

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

$$y = \left(1 - \delta \frac{\rho}{\frac{1}{\beta} - (1 - \delta)}\right) c + \delta \frac{\rho}{\frac{1}{\beta} - (1 - \delta)} i \quad (8)$$

$$\frac{1}{\eta} r = 0 \quad (9)$$

$$c\eta = y - n \quad (10)$$

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

$$k = (1 - \delta) k + \delta i \quad (12)$$

$$y = z + \rho k + n (1 - \rho) \quad (13)$$

$$z = z\psi + \epsilon_z \quad (14)$$