Assignment 3
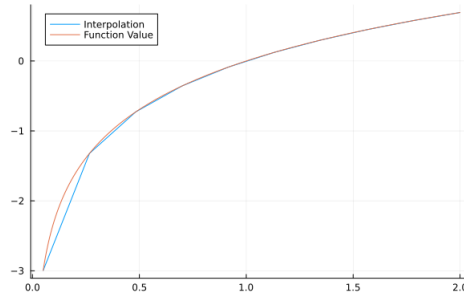
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1 Interpolation

Figure 1: Linear Interpolation with a 10 point Grid

1.1 Performance

In this section I did the interpolation using linear interpolation and cubic splines. I will report the performance for each method using different grids.

Grid	MSE (Linear Interpolation)	MSE (Cubic Spline)
5	0.056	0.044
10	0.007	0.004
50	2.441e-5	6.83e-6
100	1.639e-6	2.69e-7
1000	1.653e-10	2.93e-12

1.2 Optimal Curvature

Using a CRRA I found that the optimal curvature parameter under the problem set conditions is 1.97.