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dynare simple_model_kl_2
```

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```
Using 64-bit preprocessor
Starting Dynare (version 4.5.7).
Starting preprocessing of the model file ...
Found 6 equation(s).
Evaluating expressions...done
Computing static model derivatives:
- order 1
Computing dynamic model derivatives:
- order 1
Processing outputs ...
done
Preprocessing completed.
```

```
EIGENVALUES:
```

Modulus	Real	Imaginary
0.9798	0.9798	0
1.109	1.109	0

There are 1 eigenvalue(s) larger than 1 in modulus
for 1 forward-looking variable(s)

The rank condition is verified.

MODEL SIMULATION:

Iter: 1,	err. = 2384.5164,	time = 0.024
Iter: 2,	err. = 632.9656,	time = 0.004
Iter: 3,	err. = 23.6302,	time = 0.004
Iter: 4,	err. = 0.036943,	time = 0.005
Iter: 5,	err. = 8.9286e-08,	time = 0.003

Total time of simulation: 0.046

Perfect foresight solution found.

MODEL SIMULATION:

Iter: 1,	err. = 2384.5164,	time = 0.004
Iter: 2,	err. = 632.9656,	time = 0.003
Iter: 3,	err. = 23.6302,	time = 0.003
Iter: 4,	err. = 0.036943,	time = 0.004
Iter: 5,	err. = 8.9286e-08,	time = 0.004

Total time of simulation: 0.023

Perfect foresight solution found.

Residuals of the static equations:

Equation number 1 : 0 : Aggregate Output
Equation number 2 : 0 : Euler Equation
Equation number 3 : 0 : Budget Constrains
Equation number 4 : 0 : low-tech capital
Equation number 5 : 0 : total capital
Equation number 6 : 0

Total computing time : 0h00m00s

Graphs

```
figure;
set(gcf,'Color',[1,1,1]);

subplot(2,2,1);
plot(c,'r-','LineWidth',1);
set(gca,'FontSize',8);
%xlim([2003 2017]);
title(['Consumption'],'FontSize',8,'FontWeight','bold');

subplot(2,2,2);
plot(i,'r-','LineWidth',1);
set(gca,'FontSize',8);
%xlim([2003 2017]);
title(['Investment'],'FontSize',8,'FontWeight','bold');

subplot(2,2,3);
plot(k,'r-','LineWidth',1);
set(gca,'FontSize',8);
%xlim([2003 2017]);
title(['Capital'],'FontSize',8,'FontWeight','bold');

subplot(2,2,4);
plot(y,'r-','LineWidth',1);
```

```

set(gca,'FontSize',8);
%xlim([2003 2017]);
title(['Output'],'FontSize',8,'FontWeight','bold');
suptitle(['all wedges']);
snapnow

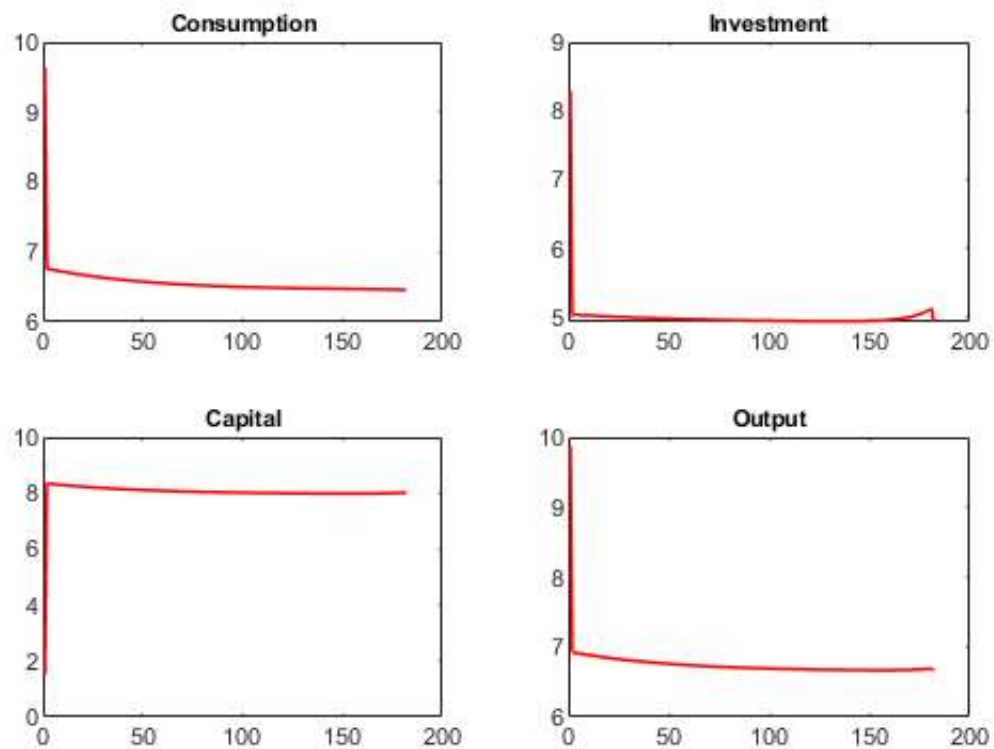
% The k/y its not compatible with the values from the inventory capital
% measure. Should be > 1
figure;
plot(k/y,'b-','LineWidth',1);
set(gca,'FontSize',8);
%xlim([2003 2017]);
title(['Capital Output Ratio'],'FontSize',8,'FontWeight','bold');
snapnow
% The results are far away from the observed values

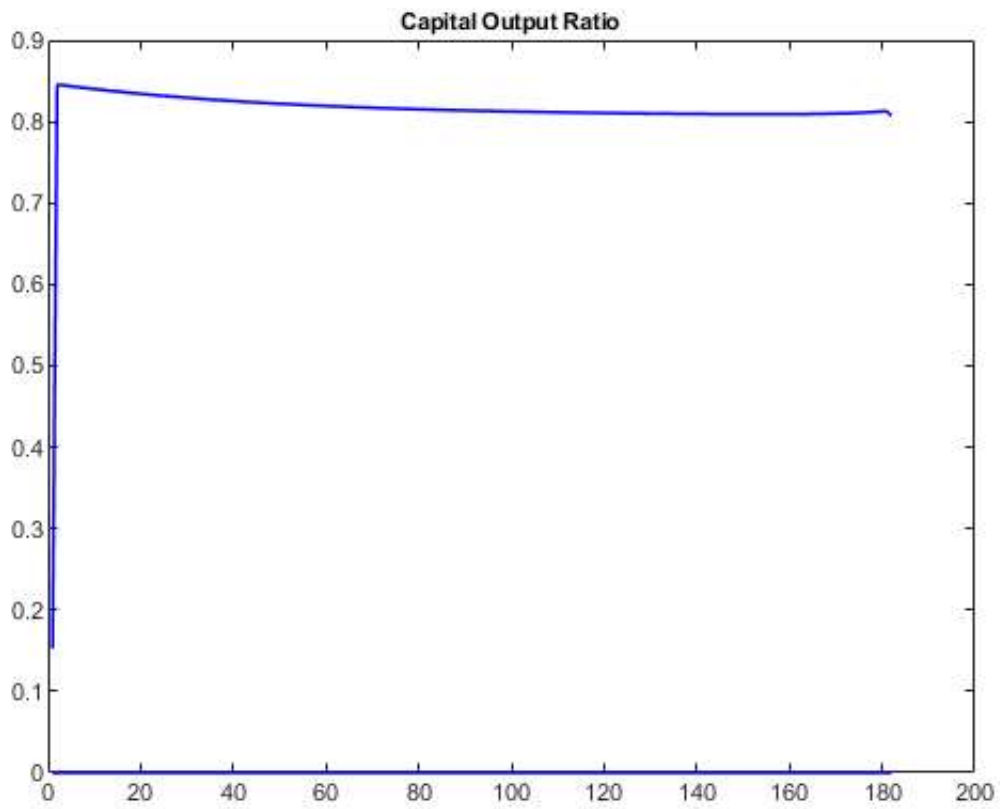
[c(2)-9.63 y(2)-9.87 i(2)-8.28]

[c(end)-9.60 y(end)-9.77 i(end)-7.9]

```

all wedges





ans =

-2.8683 -2.9434 -3.2372

ans =

-3.1435 -3.1156 -2.9629