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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 = 0.015
Iter: 2,         err. = 632.9656,         time = 0.016
Iter: 3,         err. = 23.6302,          time = 0
Iter: 4,         err. = 0.036943,         time = 0
Iter: 5,         err. = 8.9286e-08,       time = 0.015

Total time of simulation: 0.046
-------------------------------------------------------
```

```
Perfect foresight solution found.


---------------------------------------------------------
MODEL SIMULATION:

Iter: 1,          err. = 2384.5164,        time = 0.016
Iter: 2,          err. = 632.9656,         time = 0
Iter: 3,          err. = 23.6302,          time = 0
Iter: 4,          err. = 0.036943,         time = 0.016
Iter: 5,          err. = 8.9286e-08,       time = 0

Total time of simulation: 0.032
---------------------------------------------------------

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 Constrain
Equation number 4 : 0 : low-tech capital
Equation number 5 : 0 : total capital
Equation number 6 : 0


Total computing time : 0h00m00s
```

Graphs

```matlab
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);
```

```matlab
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
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

% the i/y is too high
figure;
plot(i./y,'b-','LineWidth',1);
set(gca,'Fontsize',8);
%xlim([2003 2017]);
title(['Investment Output Ratio'],'FontSize',8,'FontWeight','bold');
snapnow

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

[c(end)-9.60  y(end)-9.77 i(end)-7.9]
```
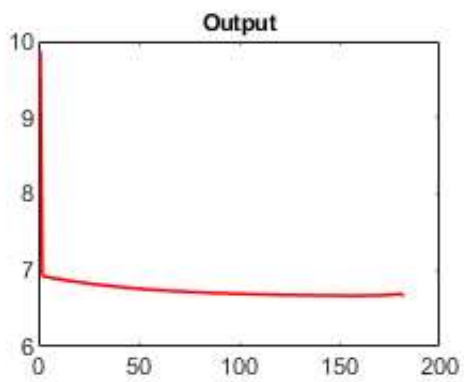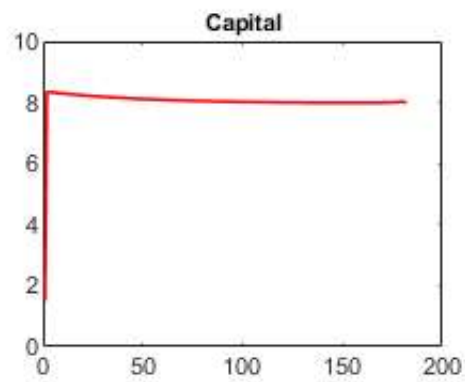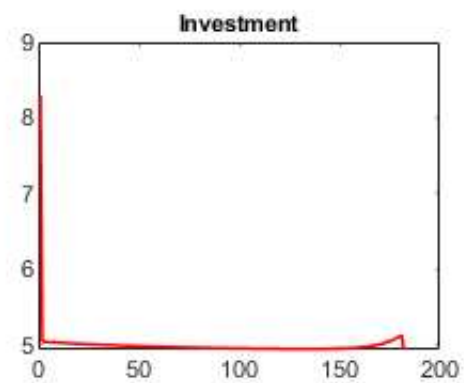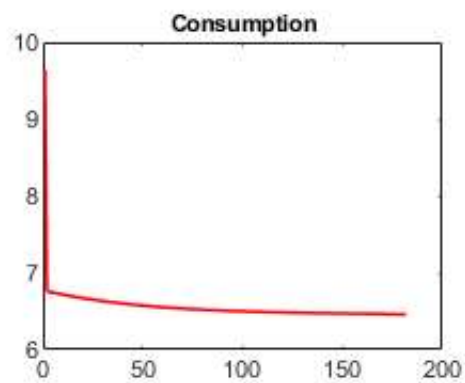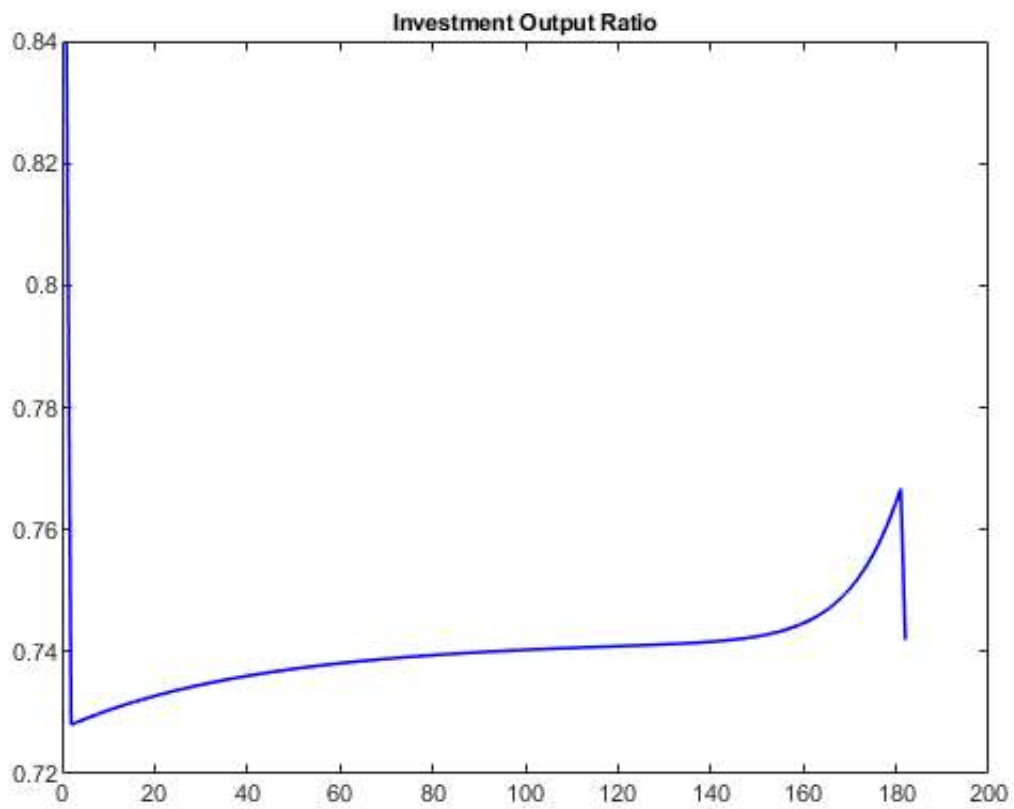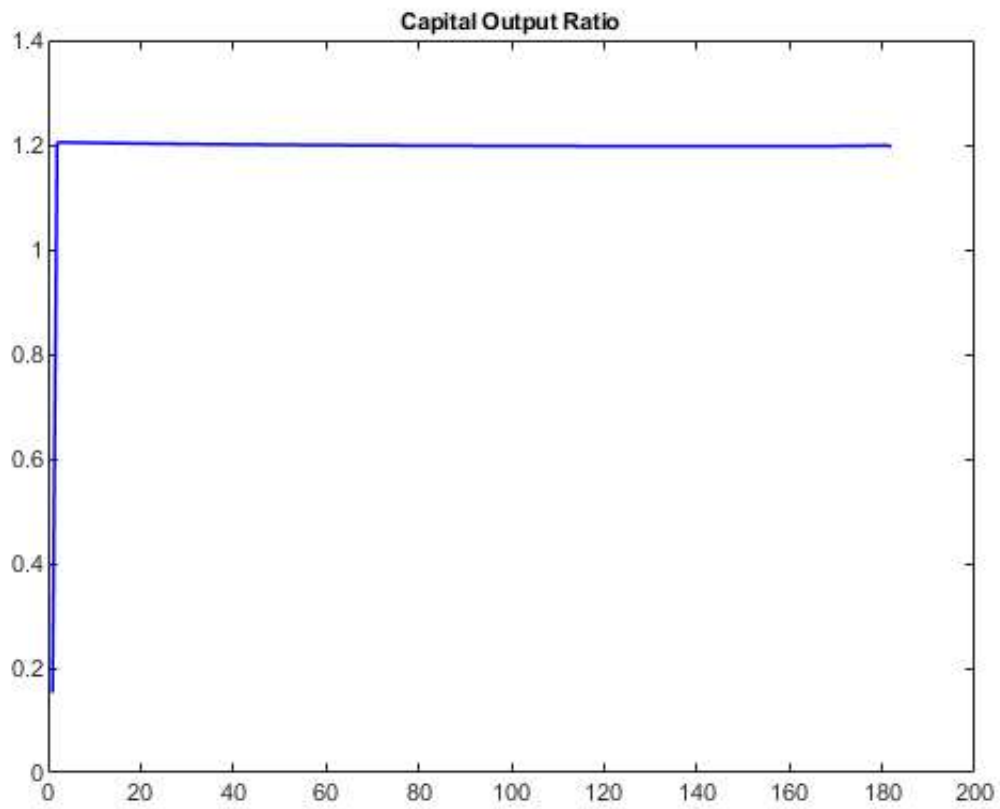
Capital Output Ratio

Investment Output Ratio


```
ans =

   -2.8683   -2.9434   -3.2372
```

```
ans =

   -3.1435   -3.1156   -2.9629
```