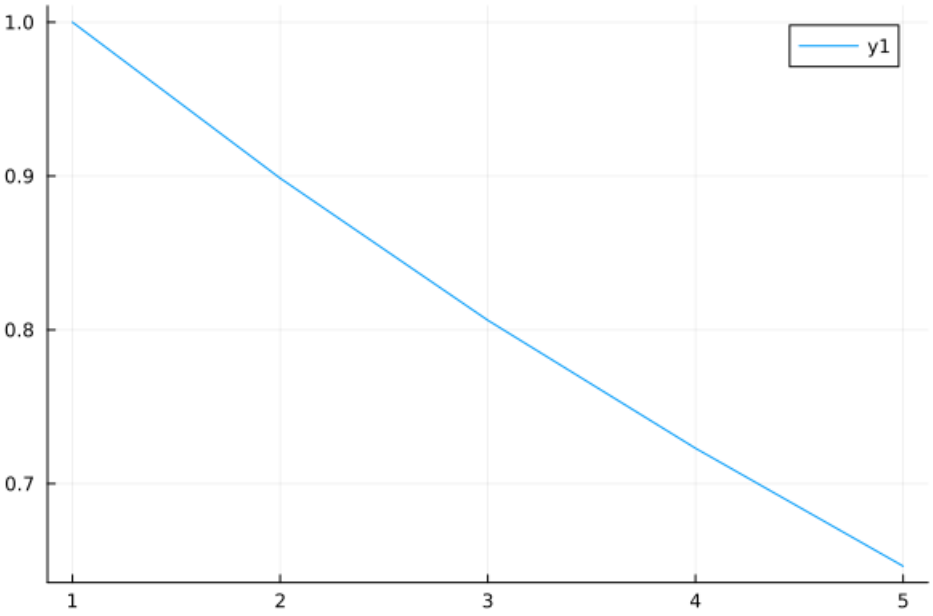
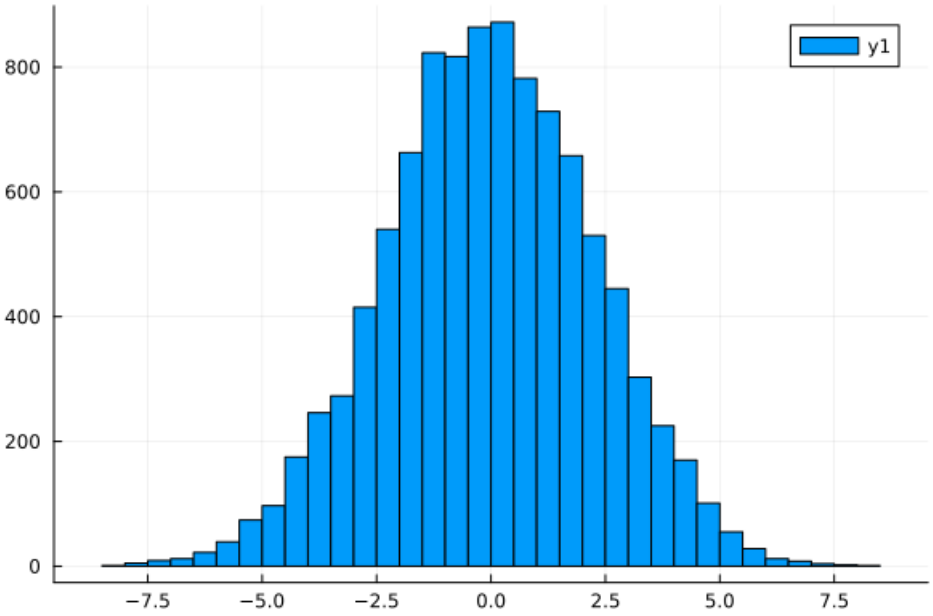
Computational Methods: Problem Set 5

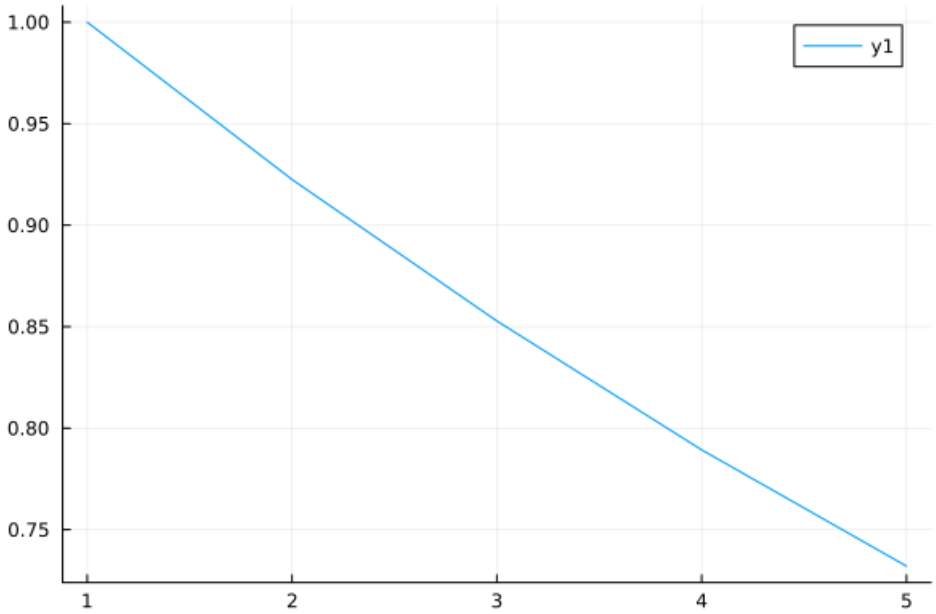
Ian O'Donnell

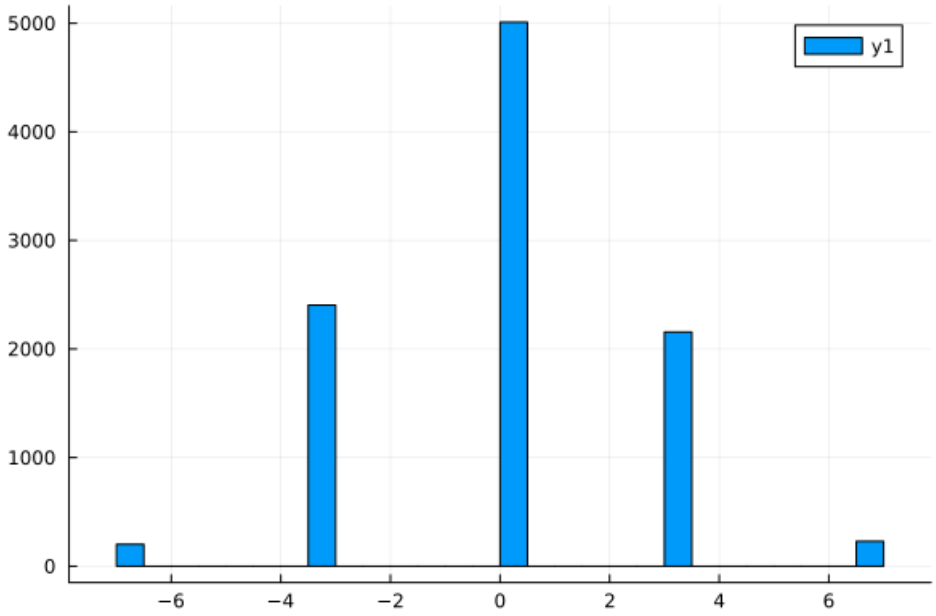
Simulation

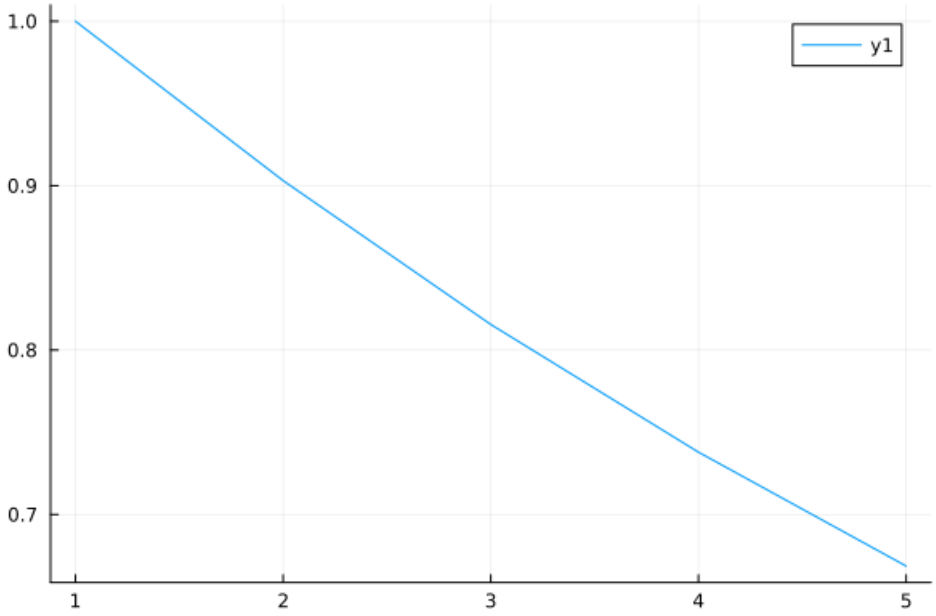


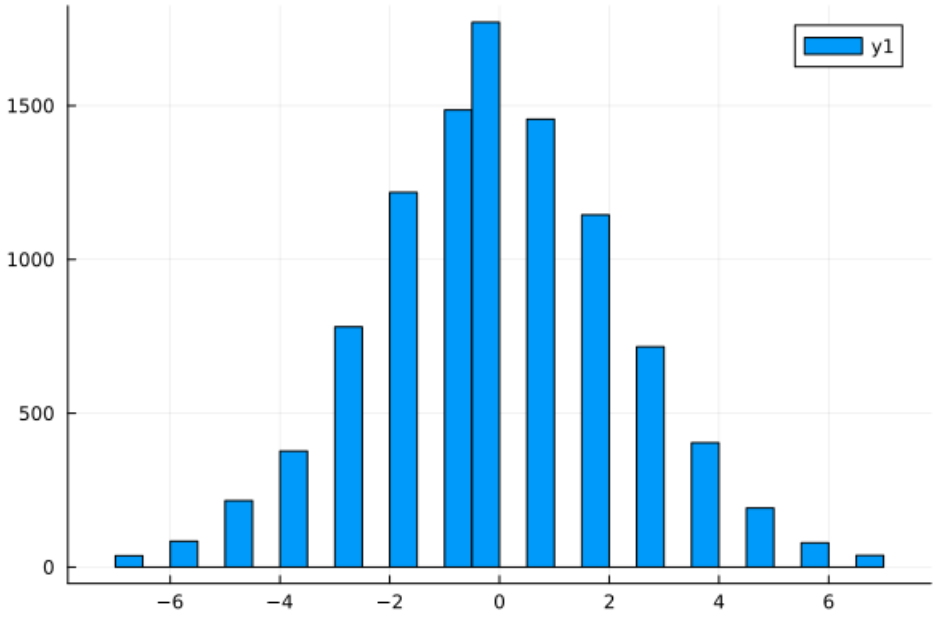


Tauchen

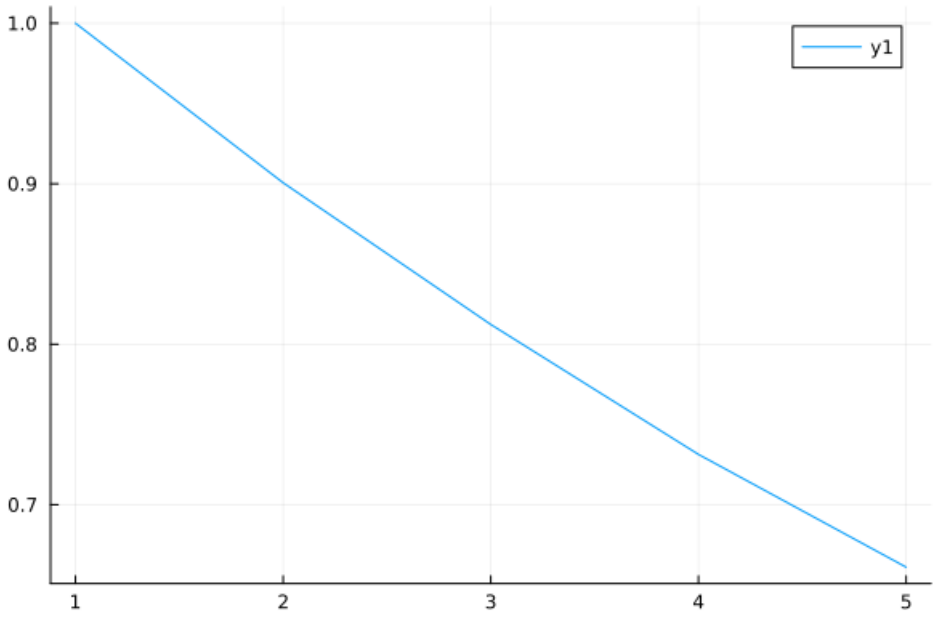

y1
1.00
0.95
0.90
0.85
0.80
0.75
1
2
3
4
5

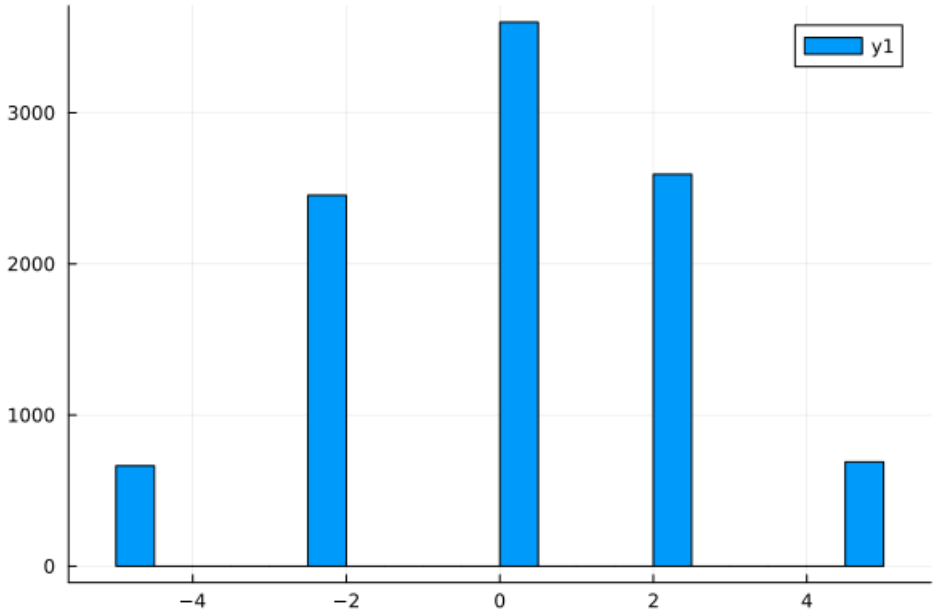

y1
5000
4000
3000
2000
1000
0
−6
−4
−2
0
2
4
6

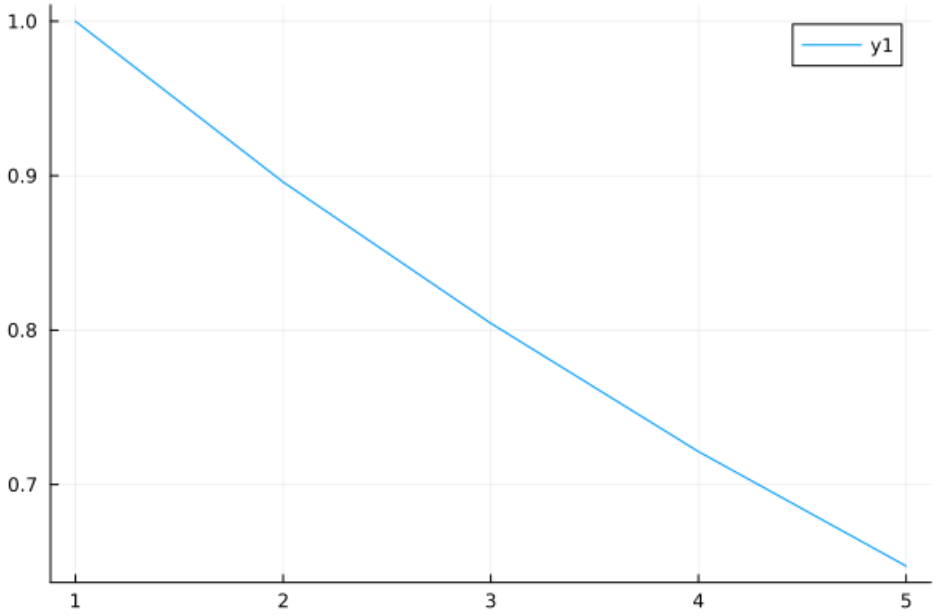

y1
1.0
0.9
0.8
0.7
1
2
3
4
5

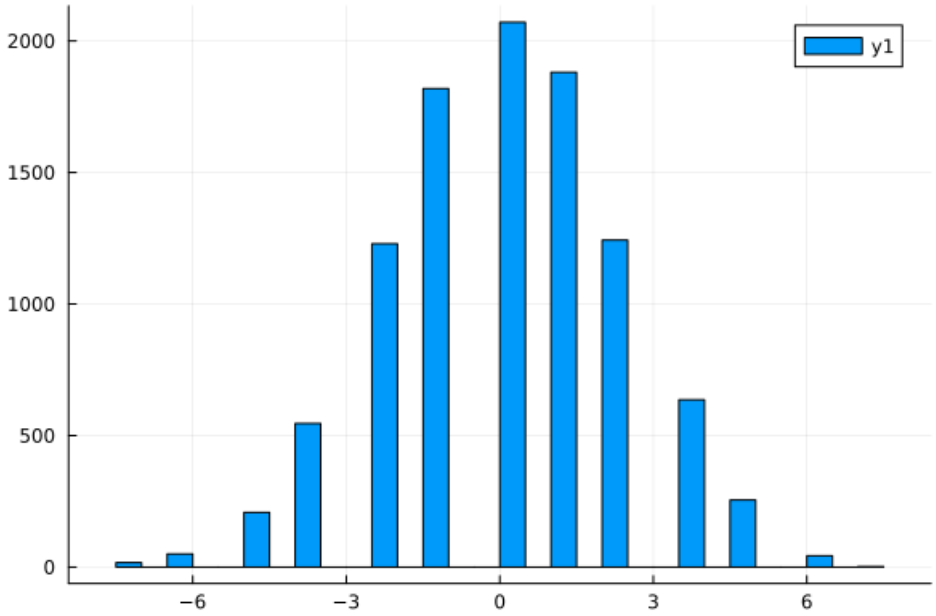

y1
1500
1000
500
0
−6
−4
−2
0
2
4
6

Rouwenhorst

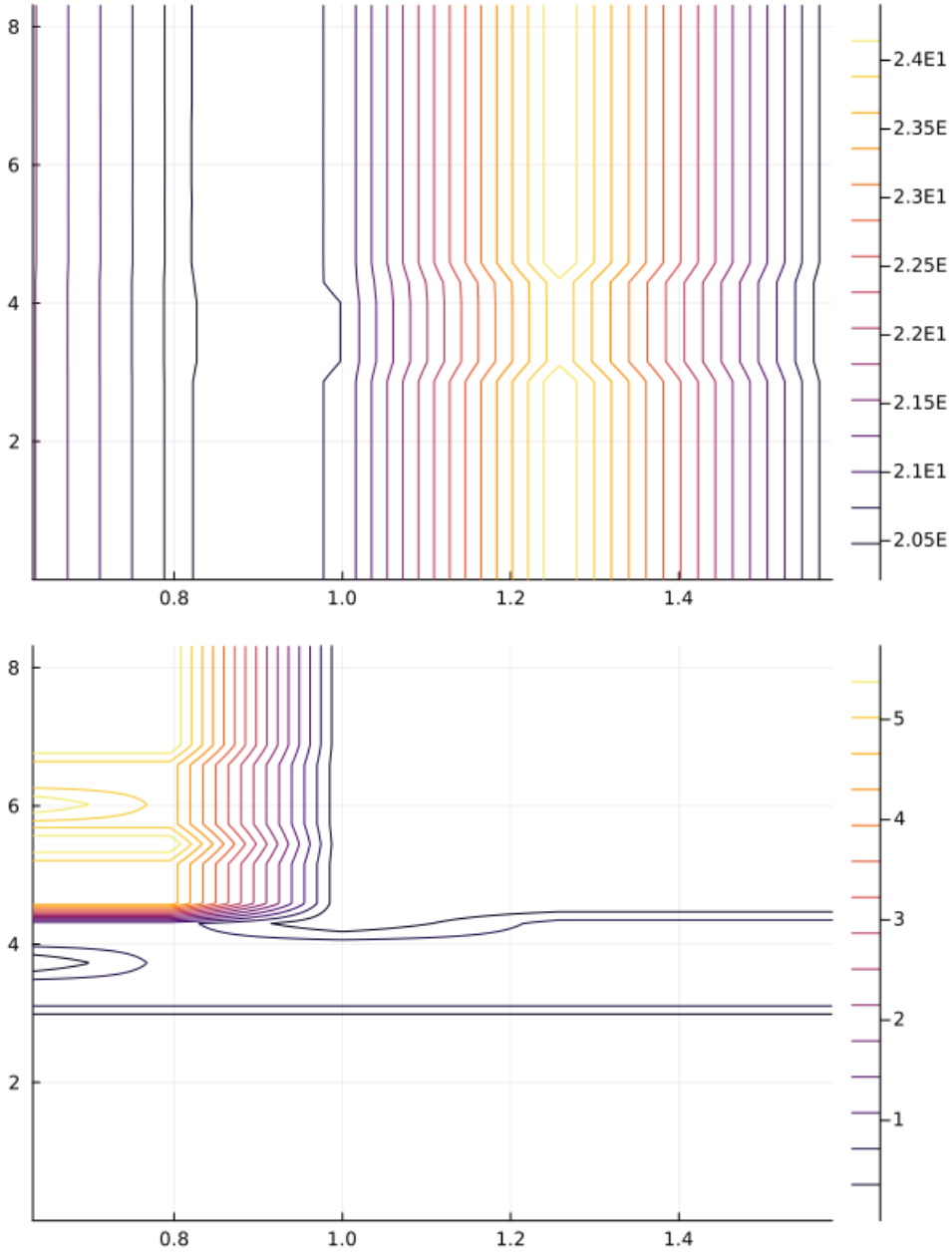


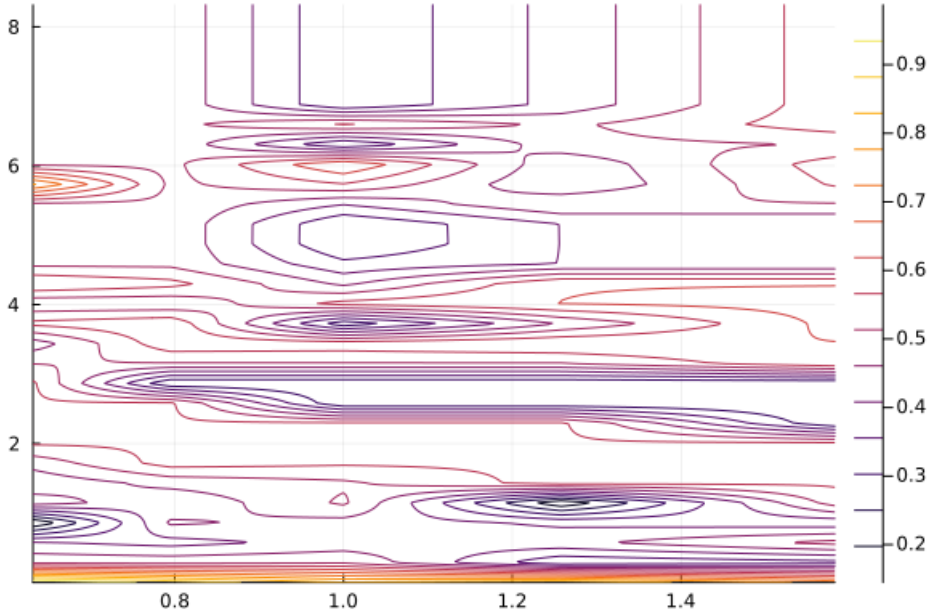



y1
1.0
0.9
0.8
0.7
1
2
3
4
5


y1
2000
1500
1000
500
0
−6
−3
0
3
6

Value Function Iteration




8
6
4
2
0.8
1.0
1.2
1.4
0.9
0.8
0.7
0.6
0.5
0.4
0.3
0.2