

Aiyagari\_Main.m

Set parameter value



StationaryDis\_MarkovProcess.m

Get the stationary distribution of  $s$

Aiyagari\_Calib.m

Solve for  $K$



CapitalMktClearing.m

Define the function of capital excess demand

- **Prices\_Firm\_FOC.m**  
Given  $K$ , solve for  $r$  and  $w$
- **VFI.m**  
Given  $r$  and  $w$ , solve household problem and get policy function using value function iteration
- CRRA\_Utility.m**  
Get utility when doing value function iteration
- **Stationary\_Dist.m**  
Given policy function, solve for stationary distribution of  $\mu$
- Given optimal decision for  $k$  (policy function) and stationary distribution  $\mu$ , compute the aggregate capital supply  $K^s$
- Compute  $K^s - K$

HHSimulation.m

Simulate household history in order to calculate the time series std and cross-sectional std