```
ClearAll["Global`*"]

Π = φ (1 + φ^2 / 4)^(1/2) - φ^2 / 2;

(*
Our calibration of the variance of the
 annual permanent idiosyncratic shocks, from C-S
*)

σ2ψAnn = 0.012;
σψAnn = σ2ψAnn^1/2;

(*
Our calibration of the annual transitory shock
*)
σ2ΘAnn = 0.03;
σΘAnn = 0.03^1/2;

(*
Translation of permanent shock to quarterly rate
*)
σ2ψQtr = (σ2ψAnn) / 4;
σ2ΨQtr = 0.00004; (* Calibration from paper *)
σ2ψΨQtr = σ2ψQtr + σ2ΨQtr; (*Combined idiosyncratic and annual *)


(* Translation of transitory shock to quarterly rate *)
σ2ΘQtr = 4 σ2ΘAnn;
σ2ΘQtr = 0.00001;


(* Quarterly Standard deviations *)
σΘQtr = (σ2ΘQtr)^1/2;
σΘQtr = σ2ΘQtr^1/2;
σψQtr = (σ2ψQtr)^1/2;
σΨQtr = 0.00004^1/2;

(* Ratio of quarterly permanent to quarterly transitory standard deviations *)
φInd = (σψQtr / σΘQtr);
φAgg = (σΨQtr / σΘQtr);

φ = φInd;
ΠInd = Π;
φ = φAgg;
ΠAgg = Π;
```

```
MatrixForm[{{"ΠInd", "ΠAgg"}, {ΠInd, ΠAgg}}]
```

ΠInd	ΠAgg
0.146107	0.828427

```
AR1Ind = (1 - ΠInd);
AR1Agg = (1 - ΠAgg);
```

```
MatrixForm[{{"AR1Ind", "AR1Agg"}, {AR1Ind, AR1Agg}}]
```

AR1Ind	AR1Agg
0.853893	0.171573