Readme file for replicating the estimation results in "Housing Market Spillovers: Evidence from an Estimated DSGE Model" (AEJ: Macro), by Matteo Iacoviello and Stefano Neri

The directory `aej_spillovers` contains the files for replication the main results of our paper.

It contains the following files:

1. `jules1.mod`: main dynare file for either: (a) estimating the model; or (b) plotting impulse responses/doing post-estimation analysis;

2. `jules1_steadystate.m`: file containing the calculations of the steady state of the model;

3. `US_data_65Q106Q4.m`: file containing the observable variables for the estimation.

4. `rideaej1.m`: main file that changes default directory and launches `jules1.mod` file above

To launch the programs, change Matlab's current directory to the directory where the files can be found (e.g., `c:\aej_spillovers`), and launch from the Matlab command prompt the file `rideaej1`. Make sure Dynare 4 is correctly installed.

Although we have performed estimation and robustness analysis and various tests using our own codes, we find it easier to share a "mod" file since Dynare is by and large the standard language for solving, simulating and estimating a large class of dynamic stochastic general equilibrium models.

The mod file lists all the equations of our model, as in Appendix B of our paper. The user can select one of two options inside the mod file. Setting the option `DO_IRF=1` (line 120 of the `mod` file) plots the impulse responses of our estimated model to all shocks. Setting the option `DO_ESTIMATION=1` (line 121) runs the estimation.

The files above were written and tested for `Dynare 4.0.4` and `Matlab 7.6.0` using a PC running Windows XP.