

The ReplicationCodes folder contains the file required to replicate the analysis in the paper.

Files are named after figures and tables in the paper

The folder “\Analysis US Macro Data” contains the data in Figure 1 and Tables 1 to 3.

The folder “\LTV Data” contains the data in Figure 2.

The folder “\International Evidence” contains the data in Figure 3 and Table 5.

The folder “\Cross States Evidence” contains the data in Figures 4 and 5.

The folder “Model Computations” contain the Matlab and Dynare files for reproducing the simulation results of the paper.

These files have been constructed and evaluated using Matlab 2016a and Dynare 4.5.6.

The folder contains two subfolders:

Step 1: Estimate the model using the simulated method of moments.

This is done by running the file Skewness_SMM_estimation_mainfile.m, which automatically loads the data and calls upon the required support files.

NOTE: Running this file with the current settings, which are the ones used for the results in the paper, typically takes 24-48 hours depending on the computer.

Step 2: Run a large, dynamic simulation of the model for a range of different steady-state LTV ratios.

This is done by running the file Skewness_simulation_mainfile.m. The code makes use of parallel computing.

NOTE: Running this file with the current settings, which are the ones used for the results in the paper, typically takes 24-48 hours depending on the computer.

The file automatically saves the simulated data and produces the main results reported in the paper (Figures 7, 8, and 9).

Before simulation, you need to update the path given in line 39 of Skewness_simulation_mainfile.m, as well as in line 5 of Plot_Simulated_Data.m (which is located in the subfolder Computestats) to the location where you have saved the files.