

The solution codes for each version of the model consist of three files:

1. Exec.m
2. Model.mod
3. Model.m

To run a given version simply execute the appropriate Exec.m file.

For this procedure to work, the user needs an installed and functional version of dynare++.

We have most recently used the version 1.3.6, by Ondra Kamienik, downloaded from www.dynare.org.

Dynare path needs to be adjusted so that the execution is possible.

There are five sets of model files:

1. ExecB.m, ModelB.mod, ModelB.m is the benchmark model with $\theta=1/2$.
2. ExecF.m, ModelF.mod, ModelF.m is the benchmark model with fitted θ .
3. ExecStatic.m, ModelStatic.mod, ModelStatic.m is the static case example.
4. ExecBKK.m, ModelBKK.mod, ModelBKK.m is the BKK model.
5. ExecCC.m, ModelCC.mod, ModelCC.m is the Convex Friction model.

The Mathematica file Calculations.nb contains our analytical derivations.