

## CREDIT TRAPS – REPLICATION CODES

To run the codes you must install the CompEcon toolbox, available from:

<http://www4.ncsu.edu/~pfackler/compecon/toolbox.html>

This folder contains the following files:

Functions called by the scripts below:

- `Foctx.m` – a function containing the first-order condition of the policy problem with respect to the policy instrument haircut “tau”.
- `traps9.m` – a function packing the model structure, using the conventions set out in the CompEcon toolbox.
- `traps9_irf.m` – a function to compute impulse responses in the absence of a credit trap.
- `traps9_irf2.m` – a function to compute impulse responses in the presence of a credit trap.

Scripts to generate the figures in the paper:

- `TrapsGo9.m` – this is the main script, which uses the above functions to generate Figures 7, 8 and 10 in the paper.
- `TransGo9_tests.m` – this loops over solutions for variations in sigma, the volatility of the shock process, and generates Figure 9 in the paper.
- `getIrf.m` – this should be run after “TrapsGo9.m”, and generates Figure 5 in the paper.