

Replication of ‘How do people interpret macroeconomic shocks? Evidence from U.S. survey data’

VAR estimations

To initialize all VAR estimations contained in the paper and the online appendix, run the Matlab-script `Estimations.m` in the ‘VAR_estimation’ folder. Specifically, `Estimations.m` initializes estimations to replicate the impulse response functions shown in Figures 3, 5-8, and A.1-14 (online appendix) as well as the forecast error variance decompositions shown in Tables 2, 4, and A.1-A.4 (online appendix).

Consider the replication of the baseline estimations, i.e. Figure 3 and Table 2. After running `Estimations.m`, go to the folder ‘EstimationsFig3FigA6’ and open the folder ‘Fig3’. The folder ‘tables’ contains impulse responses (csv-files) and forecast error variance decompositions (tex-files). The name of the csv-files containing the impulse responses consists of the name of the shock and the response variable (e.g., ‘ASshock’ and ‘INFLATIONexpectations’). Note that in the paper, we show normalized responses (i.e. the point-wise-median response of the unemployment rate increases by one percentage point in $h = 0$). Thus, impulse responses (point-wise-median, closest-to-median, and error bands) for all variables and all horizons have to be normalized before plotting them. The script `subfigures_Fig3.m` in the folder ‘EstimationsFig3FigA6’ gives an example showing how the normalized impulse response functions in the paper can be produced from the csv-files.

To replicate Tables 2, 4, and A.1-A.4 (online appendix) open the tex-files in the ‘tables’ subfolder of the folders ‘Fig3’, ‘Fig6’ and ‘FigA11-14’.

The script `subfigures_Fig7.m` in folder ‘EstimationsFig7’ replicates the normalized point-wise-median impulse responses shown in Figure 7.

Time-series graphs

Data used to produce Figures 1, 2, and 4 can be found in the ‘VAR_estimation’ folder (subfolders ‘EstimationsFig3FigA6’, ‘EstimationsFig5’, and ‘EstimationsFig6’).

Micro-level regressions

To replicate the regressions shown in Table 3 and B.1 (online appendix) run the `regressions.do` Stata scripts in folders ‘Regressions_Table3’ and ‘Regressions_TableB1’.