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Description of Stata Programs for: "The Skewness of Price Change: A New Touchstone for Menu Cost Models" by Shaowen Luo and Daniel Villar

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This document describes how to run the different programs in order to replicate the empirical results (figures, correlation, and regression coefficients) in “The Skewness of Price Change: A New Touchstone for Menu Cost Models”. The programs use CSV files containing moment estimates by major group (computed from micro data at the BLS), CSV files containing aggregate inflation series, a data set with control variables for the regressions, and data sets with major group estimates of the frequency of price change and expenditure weights. The replication can be done in the following way:

1. Run “Aggregates.do”, which creates data sets of inflation series.
2. Run “Create\_series.do”, which creates the monthly, quarterly, and annual weighted average moment series data sets. The program also creates data sets with the major group moment estimates, but these are not used in the analysis in the paper.
3. Run “Correlations.do”, which creates CSV files with the correlation coefficients between inflation and the different moments.
4. Run “Regressions.do”, which runs the different regressions and creates CSV files (containing coefficient estimates and standard errors) for the different variables and specifications.
5. Run “Create\_figures.do”, which creates all the empirical figures.