**Replication files for De Michelis and Iacoviello (2016), EER**

**FIGURES 1-6: INTRODUCTION AND MOTIVATION**

The file **figures\_1\_through\_6\_data.xlsx** in the folder **data** contains the data used for plotting Figures 1-6. The sources of all data used are reported in the footnotes of the figures.

**FIGURES 7, 8 and A1 and 10: VAR ANALYSIS**

The file **data\_var\_japan.xls** in the folder **data** contains the data for the VAR on Japanese data. The variables are GDP, exchange rate, inflation, interest rate, oil price inflation as constructed in the text.

The file **data\_var\_us.xls** in the folder **data** contains the data for the VAR on U.S. data.

The VARs were estimated using the menu-driven Matlab codes to run the common trends model in Matlab written by Anders Warne and available at <http://www.texlips.net/svar/source.html>.

**FIGURES 9, 10 and A2: CLOSED-ECONOMY MODEL**

The file **runsim\_dnk\_figures\_9\_10\_A2.m** in the folder **model\_dnk\_learning** solves the new Keynesian model with and without learning described in section 4 and reproduces figure 9, 10, and A2 in the published version.

Running these files require Dynare version 4.3.1, whose files are included in in this set of replication files. The files also require occbin (Guerrieri-Iacoviello JME 2015), whose files are included in this set of replication files. The occbin version is occbin\_20130531.

The file **model\_equations\_sketch.pdf** contains a sketch of the model equations described in the four mod files included in the folder.

**FIGURES 12, 13 and 14: OPEN-ECONOMY MODEL**

The file **runsim\_sigma\_figures12\_13\_14.m** in the folder **model\_sigma** solves the SIGMA model and reproduces figures 12, 13 and 14 in the paper.

Running these files require Dynare version 4.3.1. The files also require occbin (Guerrieri-Iacoviello JME 2015), whose files are included in the folder. The occbin version is occbin\_20130531.

The model equations for the version of SIGMA used in the paper are contained in the file **sigma3country.mod.**