# 2015-2016 - Econ590 - Topics in Macroeconomics - Beaudry & Portier - Assignment 4

## RBC model meets New Keynesian model

- Write a model that has the structure of the New Keynsian model we saw in class but in which firms use labor *and* capital as inputs, as in the RBC model.
- You will assume that there is a stationary TFP shock and a monetary shock to a standard Taylor rule.
- For simplicity, assume away deterministic growth of population and of productivity.
- Check on Fabrice Collard's page for an example here.
- Do not linearize the model but solve it using DYNARE and compute impulse responses to technological and monetary shocks.
- You can look at Eric Sims's page here for a short introduction to DYNARE.
- You will also need to get DYNARE for MATLAB from the DYNARE webpage : http://www.dynare.org.