First assignment

1. Write a computer program (matlab) that takes as input a system of expectational difference equations (ie, the matrix A and B above), and a first order process for the driving force ($V_t = \rho V_{t-1} + \epsilon_t$)
2. The program should then provide the state space representation of the solution, and give impulse response of different variables to shocks.
3. Also get the program to generate artificial data with the model (starting from the zero steady state), and calculate variance-covariance matrices of the variables
4. Try also to derive theoretical moments (as functions of the parameters of the state space representation)