Replication Instructions

1   Empirical Results

1. Navigate to the "Empirics Replication" subfolder.

2. Open MATLAB and run the file "load_data.m". This compiles the dataset from the sources included in the file, and saves a properly formatted CSV file for use for panel regressions in STATA. All data is publicly available, and the Excel files containing the raw data are named including the source: e.g. "inflation_OECD.xlsx".

3. Open STATA and run the file "stata_replication.do". This will:

   - Save a file "betas_se.csv" that holds all coefficient estimates and associated standard errors for the UIP regressions at different horizons behind Figures 1 and 2.

   - Print all coefficient estimates needed for Tables 3 and 4 to screen.

   - Save a file "convy_betas.csv" that holds all coefficient estimates and associated standard errors for the profile of regressions in Figure 10.

4. Once the STATA code is finished running and it has created the CSV files referenced above, go back to MATLAB and run the file "figures_replication.m". This will create Figures 1,2 and 10.

2   Model

1. **Analytical Model:** Navigate to the subfolder "Analytical Model" and use Dynare to run the file "anal_model_solution.mod". This will solve the analytical model. To obtain the graphs behind Figure 3, then run the file "anal_model_plots.m" in MATLAB.

2. **Quantitative Model:** Navigate to the subfolder "Quantitative Model" and use Dynare to run the file "model_solution.mod". All information behind Tables 3 and 4 is then printed to screen. Then use MATLAB to run the file "model_results.m" and after that "model_plots.m" to further obtain all Figures in the Quantitative model section.

   - For comparative statics follow the instructions in the comments of the code to either uncomment or comment out the relevant lines.

- To solve the incomplete markets version of the model, use Dynare to run instead the file "model_solution_incomplete_mkts.mod". Afterwards similarly run "model_results.m" and "model_plots.m" one after the other in MATLAB.