Econ 413R: Computational Economics
Spring Term 2013

Perturbation Methods for DSGE Models
Corrections

Equation (3.9) shoud be:

$$\Gamma^i_{[X_{t+1}]} H^T_{\sigma\sigma} =$$
$$-E\left\{ \begin{bmatrix} 0_{1\times 2n_x} & \Delta_1 & \dots & \Delta_{n_Z} \end{bmatrix} \Gamma^i_{[X_{t+1},X_t,Z_{t+1}][X_{t+1}X_tZ_{t+1}]} \begin{bmatrix} 0_{2n_x\times 1} \\ \Delta_1 \\ \vdots \\ \Delta_{n_Z} \end{bmatrix} \right\}$$

where $\Delta_i \equiv \sum_{s=1}^{n_Z} \omega_{is}\varepsilon^s_{t+1}$ and ω_{rc} is the r^{th} row and c^{th} column of the Ω matrix.

Which implies that equation (4.5) is:

$$H_{\sigma\sigma} = -\frac{\Gamma^i_{[Z_{t+1}][Z_{t+1}]}\sigma^2}{F}$$