

intro 3 — Classic DSGE examples[Description](#)[Remarks and examples](#)[Also see](#)

Description

In this entry, we present three classic DSGE examples—the New Keynesian model, the New Classical model, and the financial frictions model.

Remarks and examples

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In [\[DSGE\] intro 3a](#), [\[DSGE\] intro 3b](#), and [\[DSGE\] intro 3c](#), we fit simple variants of common DSGE models. Through these examples, we demonstrate model solution, estimation, and interpretation.

[\[DSGE\] intro 3a](#) demonstrates how to fit a New Keynesian model. In this example, we interpret structural parameters, policy matrix parameters, and state transition matrix parameters. We also predict values of both observed control variables and unobserved states.

[\[DSGE\] intro 3b](#) illustrates how to solve a New Classical model and plot the IRFs to compare the model's theoretical predictions under different sets of parameter values.

[\[DSGE\] intro 3c](#) fits a financial frictions model. In this example, we also estimate parameters of the policy matrix and evaluate the IRFs.

Also see

[\[DSGE\] intro 4](#) — Writing a DSGE in a solvable form

[\[DSGE\] dsge](#) — Linearized dynamic stochastic general equilibrium models