This package replicates the paper Alloza, Gonzalo and Sanz (2024). "Dynamic Effects of Persistent Shocks". *Journal of Applied Econometrics*.

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The replication files are provided in two folders: DATA.zip and CODE.zip. All files should be placed in the same folder.

Description of files contained in this replication package:

- *Fig_1_2.m*: Matlab program producing Figures 1 and 2 in the paper. This file and others below require the installation of the Matlab Econometrics toolbox.
    - OUTPUT: *Figure 1.eps* and *Figure 2.eps.*

- *Fig_3_4_5_6_D3.m*: Matlab program producing Figures 3, 4, 5, 6 and Appendix Figure D3.
    - DATA FILE: This program requires the data file *RZDAT.xlsx* to be placed in the same folder. This is the original data from Ramey and Zubairy (2018), kindly provided by the authors in this link.
    - AUXILIARY FILES: This program requires auxiliary files *nwest.m* (by James P. LeSage), *ciplot.m* (by Raymond Reynolds) and *hline.m* (Brandon Kuczenski) auxiliary files to be placed in the same folder.
    - OUTPUT: *Figure 3.eps*, *Figure 4.eps, Figure 5.eps, Figure 6.eps* and *Figure D3.eps.*

- *Fig_7_D4.m*: Matlab program producing Figure 7 and Appendix Figure D4.
    - DATA FILE: This program requires the data file *RZDAT.xlsx* to be placed in the same folder. This is the original data from Ramey and Zubairy (2018), kindly provided by the authors in this link.
    - AUXILIARY FILES: This program requires the previous auxiliary files *nwest.m*, *ciplot.m* and *hline.m.*
    - OUTPUT: *Figure* 7 and Figure *D4.eps*.

- *Fig_B1_B2_B4.m*: Matlab program producing Appendix Figures B1, B2 and B4.
    - OUTPUT: *Figure B1.eps*, *Figure B2.eps* and *Figure B4.eps.*

- *Fig_B3.m*: Matlab program producing Appendix Figure B3.
    - This program requires the data file RZdata.mat to be placed in the same folder. This is the Matlab version of the Ramey-Zubairy news variable.
    - OUTPUT: *Figure B3.eps*.

- *Fig_C1_C2_data.do* and *Fig_C1_C2_graphs.m*: these are the Stata and Matlab programs required to produce Appendix Figures C1 and C2.

    - DATA FILE: *Fig_C1_C2_data.do* requires the original Guajardo, Leigh and Pescatori (2014) data (*GLPdata.dta*) to be placed in the same folder. This data is kindly provided by the authors in this link.
    - INTERMEDIATE OUTPUT: *Fig_C1_C2_data.do* produces and excel file named *GLP_responses.xlsx*.
    - *Fig_C1_C2_graphs.m* reads *GLP_responses.xlsx* and produces Appendix Figures C1 and C2. This requires the previous auxiliary files *ciplot.m* and *hline.m*
    - OUTPUT: *Figure C1.eps* and *Figure C2.eps.*

- *Fig_C3.m*: Matlab program producing Appendix Figure C3.
    - DATA FILE: This program requires the data file *RRdata.xlsx* to be placed in the same folder. This is a reduced version of the original data from Romer and Romer (2010), kindly provided by the authors in this link.
    - AUXILIARY FILES: This program requires the previous auxiliary files *nwest.m*, *ciplot.m* and *hline.m* to be placed in the same folder.
    - OUTPUT: *Figure C3.eps*.

- *Fig_D1_D2.m*: Matlab program producing Appendix Figures D1 and D2.
    - DATA FILE: This program requires the data file *Fig_D1_data* to be placed in the same folder. This contains the previous shocks variables mentioned above and detailed in the paper.
    - AUXILIARY FILES: This program requires the previous auxiliary files *ciplot.m*, *hline.m* and *Fig_D1_do_correlograms.m* to be placed in the same folder.
    - OUTPUT: *Figure D1.eps* (6 subpanels) and *Figure D2.eps* (6 subpanels).

- *Table_1_D1.do*: Stata program producing the content of Table 1 and Appendix Table D1.
    - DATA FILE: This program requires the data file *Fig_D1_data, GLPdata.dta* and *ARSdata.dta* (the original file from Arezki, Ramey and Sheng (2017), kindly provided by the authors here) to be placed in the same folder.
    - AUXILIARY FILES: This program requires installing the Stata command "actest". Type "ssc install actest" in the command window to install it.
    - OUTPUT: Content of all 8 rows of Table 1 and Appendix Table D1 displayed as output.

Code produced using Matlab 2023a (MacOS version) and Stata 14 (MacOS version).