NK\_CKL09 and EA\_CKL09:

Christoffel, Kuester, and Linzert (2009)[[1]](#footnote-1) build a small New Keynesian model with search and matching frictions in the labor market for the euro area. The model features a wage channel under which more rigid wages translate into a weaker response of inflation to aggregate shocks. The authors use the model to a) study the effect of structural reforms in the labor market on the monetary transmission mechanism, and to b) analyze to what extent economic shocks that originate in the labor market are important for explaining business cycle fluctuations. The database contains two versions of the model. NK\_CKL09 reproduces the results in Section 3 of the paper, in which the authors calibrate a model version that does not contain any labor market shocks to euro area data. EA\_CKL09 uses an estimated version of the model that contains a number of labor market shocks (see Section 5 of the paper). The parameter values used for this version are the parameters at the posterior mode.

* The data used for the calibration and estimation, respectively, are for the euro area.
* They were taken from the Area-Wide-Model data set and span 1984:Q1 to 2006:Q4.
* The data had been hp(1,600)-filtered prior to the estimation or calibration.
* There are four shocks in the calibrated version (NK\_CKL09):
  + An AR(1) technology shock.
  + An iid monetary policy shock.
  + An AR(1) government spending shock.
  + An AR(1) time-preference (demand) shock.
* In addition to these, the estimated version of the model (EA\_CKL09) features the following shocks.
  + An iid cost-push shock.
  + Three labor market shocks:
    - An AR(1) shock to the bargaining power of workers.
    - An AR(1) shock to the separation rate.
    - An AR(1) shock to the firms’ costs of posting vacancies.

1. Christoffel, K., Kuester, K., and T. Linzert (2009), "The role of labor markets for euro area monetary policy," European Economic Review 53, 908–936. [↑](#footnote-ref-1)