Readme of MATLAB replication files for

"Revisions in Utilization-Adjusted TFP and Robust Identification of News Shocks" by André Kurmann and Eric Sims, forthcoming in *Review of Economics and Statistics*.

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Use of code for research purposes is permitted as long as proper reference is given.

There are 3 parts to the replication code:

(1) Analysis of different adjusted TFP vintages and their components (Tables 1 and 2)
(2) VAR estimation of Barsky-Sims shock and Max-share shock (Figures 1, 3 and 4)
(3) Model solution and Monte-Carlo simulations (Figures 2 and 5 and Table 3)

Part (1)

- Run KurmannSims_Part1.m, using data in KurmannSims_Part1.xls
- The code prints all unconditional moments for Tables 1 and 2 of main text and Table 1 of Appendix; and generates Figure 1-3 of Appendix.
- See code for further explanations and references to auxiliary code.

Part (2)

- Run KurmannSims_Part2.m, using data in KurmannSims_Part2_quarterly.xls (for quarterly data), respectively KurmannSims_Part2_annual.xls.
- To replicate the different tables and figures, one needs to specify:
  - shock identification (max-share or Barsky-Sims news shock) – in KurmannSims_Part2.m
  - sample (quarterly or annual) – in KurmannSims_Part2.m
  - variables to be included in VAR – in dataset_quarterly.m (line 66), respectively dataset_annual.m (line 41)
- For each specification, KurmannSims_Part2.m generates estimates of FEV shares and IRFs implied by the identified shock and plots them. The code also reports estimates used for Tables 2-4 of Appendix.
- To generate Figures 1, 3 and 4 of main text as well as Figures 4-6 of Appendix, the different estimates need to be saved (line 180 of KurmannSims_Part2.m) and the saved datasets need to be run in KurmannSims_Part2_Figures.m.
- See code for further explanations and references to auxiliary code.

Part (3)

- Run KurmannSims_Part3.m for either the case where the BFK proportionality conditions hold or do not hold (BFKprop=1 or = 0 on line 30 of code).
- The code prints unconditional moments used in Table 3 and generates Figures 2 and 5 in main text and Figure 7 in Appendix.