

Dynare User Guide to Estimation Under Partial Information in Dynare*

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INTRODUCTION

Below is the addition to the document **Dynare.pdf** that describes how to use the new software for estimation with partial information (PI). This document is intended to modify Chapter 4, Section 4.14 in Version 4.21 **Dynare.pdf**.

4.21 ESTIMATION WITH PARTIAL INFORMATION

Currently this part of software is not completely integrated into Dynare, so that the directory, *PI_Dyn_4.2.1_12June2011*, that contains the PI estimation software must be placed at the top of the path when using Matlab's *setpath* directive.

The only change to the *modfile* that is required for the time being is to declare:

```
options_.usePartInfo=1;
```

Description

This triggers the partial information software, and must be used in conjunction with the *varobs* command that lists the variables that agents observe. Note that at the moment this is only suitable for estimation under information symmetry as the observable set declared after *varobs* VARIABLE NAME...; is shared by agents and econometrician.

Example

```
options_.usePartInfo=1;
varobs pi y r;
estimation(datafile=data, OPTIONS...);
```

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In the next version Dynare, the PI estimation should be triggered by OPTION *partial_information* in the *estimation* command and varobs VARIABLE NAME...; declares the common set of observed variables.