

Replication files for

"CONDI: a Cost-Of-Nominal-Distortions Index" by Eusepi, Hobbijn and Tambalotti.

This replication material consists of an Excel spreadsheet and a set of MATLAB programs.

The spreadsheet (AEJMacro-2009-0200\_Data.xlsx) contains all the data used for the calibration of the model.

Details on its content can be found in the first Tab of the sheet, called Readme.

That same data is also already inputted in the MATLAB programs described below, to facilitate replication.

-- The MATLAB programs are organized in 4 main folders

1. 2\_sectors (computes CONDI weights and welfare in the two-sector model, Table 2)
2. 15\_sectors (computes CONDI weights and welfare in the 15-sector model, Table 3)
3. 16\_sector\_split\_housing (computes CONDI weights and welfare for column 9 of Table 3)
4. heterogeneous\_shocks (computes CONDI weights and welfare in the model with heterogeneous shocks, Column 10 of Table 3)

-- Folders in 1. and 2. contain 8 subfolders corresponding to the calculation of CONDI for each of the eight columns in Tables 2 and 3.

-- Folders in 3. and 4. contain the calculations for table 3, column 9 and 10 only

-- Each of the subfolders includes the following subsubfolders

1. Calibrate shocks: it calibrates sigma and rho in order to match the moments described in the paper  
The main file is called "main\_calib" and final output is opt\_x.
2. Compute CONDI: it computes the CONDI weights, using the calibrated values above  
The main file is called "main", which gives the final output: opt\_weights\_n.
3. Welfare and consumption volatility: computes inflation equivalents  
The main file is called "main\_welfare". It uses as input the optimal weights (opt\_weights) computed in 2.  
The final output is pi\_eq