This folder contains three subfolders:

1. **Appendix:** this folder contains the figures that are shown in the Appendix, namely Figure E1 and Figure G1. It contains two subfolders called Figure_E1 and Figure_G1. Each subfolder has a m-file called Main. You can run on Matlab this file to get the figures presented in the Appendix. In Figure_G1 folder you can find two subfolders, one called Myfile and one called REprogram. In Myfile you may find i) the files where we defined the model, named with the prefix Matrix_build, ii) a file where we defined the steady state named Steady_State iii) a file that we used to to find the policy functions under the zero lower bound called Time_Matrices and iv) a file to build the impulse response functions. In REprogram we store the REDS-SOLDS package. REDS-SOLDS is a package of Matlab codes written to solve rational expectations models numerically, and to analyze the solution thus obtained. Inside REprogram there is a guide that explains how the codes work.

2. **Calibration:** this folder contains the data and the estimation strategy that we followed to calibrate φ and ν in the paper. The folder contains two subfolders, Raw_data_calibration and Calibration_phi_nu. The former contains the data that we used to calibrate the model. The latter shows the strategy that we followed to calibrate φ and ν. You can run the Main file on Matlab to get our results. In Calibration_phi_nu folder you can find two subfolders, one called Myfile and one called REprogram. In Myfile you may find i) the files where we defined the model, named with the prefix Matrix_build, ii) a file where we defined the steady state named Steady_State iii) a file that we used to find the policy functions under the zero lower bound called Time_Matrices and iv) a file to build the impulse response functions. In REprogram we store the REDS-SOLDS package. REDS-SOLDS is a package of Matlab codes written to solve rational expectations models numerically, and to analyze the solution thus obtained. Inside Reprogram there is a guide that explains how the codes work.

3. **Figures:** This folder contains multiple subfolders with the Figures displayed in the paper, namely from Figure 2 to Figure 7. Each subfolder is called with the name of the Figure that we want to replicate. In each subfolder there is a m-file named Main. By running this file you can get the corresponding Figure. In each folder you can

find two subfolders, one called Myfile and one called Reprogram. In Myfile you may find i) the files where we defined the model, named with the prefix Matrix_build, ii) a file where we defined the steady state named Steady_State iii) a file that we used to find the policy functions under the zero lower bound called Time_Matrices and iv) a file to build the impulse response functions. In REprogram we store the REDS-SOLDS package. REDS-SOLDS is a package of Matlab codes written to solve rational expectations models numerically, and to analyze the solution thus obtained. Inside REprogram there is a guide that explains how the codes work.