**Replication code and data for Chang, Liu, Spiegel, and Zhang (2018), “Reserve Requirements and Optimal Chinese Stabilization Policy”**

* BVAR code and data:
* The data used in the paper are pre-loaded in the file “clsz\_data\_in.mat”, with variable entries explained in the matlab file “msstart\_setup.m.”
* To generate impulse responses from the BVAR, run “msprob.m.” You need to download and install the Matlab library files from Tao Zha’s website: <http://www.tzha.net/code/ZhaMatlabLibrary.zip>, and set your local paths appropriately.
* The BVAR code is adapted from the original code written by Tao Zha. The Bayesian priors are taken from Sims and Zha (1998).
* Code for solving DSGE model and optimal policy rules
* Run “mainfile.m” to replicate the results. Note that before running mainfile.m, you need to input information on the type of the shock by changing codes in line 5:
  + set token = 1 to generate Table 4, Panel A and Figure 3 in the draft (aggregate shock)
  + set token = 2 to generate Table 1 and Figure 1 in the appendix. (SOE specific shock)
  + set token = 3 to generate Table 4, Panel B and Figure 4 in the draft (POE specific shock)
* “mainfile.m” will run “optimal\_Taylor.m” to calculate the optimal policy coefficients, run “display\_simple.m” to generate tables, and run “plot\_irfs4.m” to generate figures.
* If you want to save time to skip the policy optimization step, you could delete optimal\_Taylor.m in line 8 in mainfile.m and then run it. The results generated by optimal\_Taylor.m are included in the mat files (respolicy\_Agg.mat, respolicy\_AP.mat and respolicy\_AS.mat).
* Run steady\_state\_analysis.m to display steady state effect of RR.

**References:**

Chang, Chun, Zheng Liu, Mark M. Spiegel, and Jingyi Zhang (2018), “Reserve Requirements and Optimal Chinese Stabilization Policy.” *Journal of Monetary Economics* (forthcoming).

Sims, Christopher and Tao Zha (1998), ““Bayesian Methods for Dynamic Multivariate Models.” *International Economic Review* 39(4), pp. 949-968.