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ROMANIAN ECONOMY PROFILE BASED ON A STOCHASTIC ANALYSIS

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Abstract

The paper captures, based on a simplified, small-size dynamic stochastic general equilibrium model and on Bayesian instruments, the evolution of the Romanian economy since the beginning of this century. The depicted economy is governed by basic representative agents: household, firm, financial organism, embodied by banks, and monetary authority, playing a subsidiary role. Two shocks are considered, the technology real shock and the money stock nominal shock, both of them impacting the economy and changing the trajectory of the relevant economic variables. The steady-state return time of the model variables and the estimates of the parameters allow us to set the pattern of future economic trends and to make pertinent decisions so as to attain sustainable macro-stabilization.

JEL classification: C61, D12, D22

Keywords: stochastic analysis, Bayesian approach, steady-state of variables, technology and money stock impulse, general equilibrium

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