

# **Information Criteria for Impulse Response Function Matching Estimation of DSGE Models**

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Abstract:

We propose a new Information Criterion for Impulse Response Function Matching estimators of the structural parameters of macroeconomic models. The main advantage of our procedure is that it allows the researcher to select the impulse responses that are most informative about the deep parameters, therefore reducing the bias and improving the efficiency of the estimates of the model's parameters. We show that our method substantially changes key parameter estimates of representative Dynamic Stochastic General Equilibrium models, thus reconciling their empirical results with the existing literature. Our criterion is general enough to apply to impulse responses estimated by VARs, local projections, as well as simulation methods.