`README.m` – Example 2: Hard priors on unobservable variables

The following assumes you successfully completed the exercise in the `MODEL` directory. In this example, we put a prior on an unobservable variable, in this case quarter-on-quarter annualized potential output growth, GROWTH_BAR. The changes we need to make are:

- `ModYUK.model` – Add variable of interest to the measurement block. If you open `ModYUK.model` you will see how I have done this.
- `readDefinitions.m` – Change the version, eg `VER2`.
- `estimateParams.m` – Add the observations to the variable GROWTH_BAR_ before estimating the model. You may wish to add a detailed description of the exercise here. Open `estimateParams.m` to see how I have done that near the top.
- `printReport.m` – Change the version of the report to the one specified in `readDefinitions.m`.

Now you can run `readModel.m`, `readData.m`, `estimateParams.m` and `printReport.m`. You may compare how this changes some of the estimates of the unobservable variables by running `compareReports.m` with `oldversion` and `newversion` appropriately set.