

$$\max E_t \left[\sum_{t=0}^{\infty} \beta^t \ln C_t \right] \quad (0.1)$$

subject to

$$C_t + K_{t+1} - (1 - \delta)K_t = Y_t \quad (0.2)$$

$$Y_t = A_t K_t^\alpha \quad (0.3)$$

$$\ln A_t = \rho \ln A_{t-1} + \epsilon_t \quad (0.4)$$

Euler equation is

$$\frac{1}{C_t} = \beta E_t \left[\frac{1}{C_{t+1}} \left(\alpha \frac{Y_{t+1}}{K_{t+1}} + 1 - \delta \right) \right] \quad (0.5)$$

Log-linearized version is

$$-c_t = E_t[-c_{t+1} + (1 - \beta(1 - \delta))(y_{t+1} - k_{t+1})] \quad (0.6)$$