



Figure 1: Impulse responses to a volatility shock, using third order and pruning. Different results represent different replication numbers.

This is the simple RBC model with stochastic volatility shock to technology parameter  $z$ , whose variance changes via  $s$ . From left to right, in the upper panels 'replic' option is: none, 2,000, and in the lower panels: 5,000 and 20,000. As it is seen, with more replications the responses of  $c$  and  $k$  becomes smoother (and make more sense), but the response to  $z$  is still quite wiggly!