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“Testing and estimation of the Yashiv-Mortensen-Pissarides model by Indirect Inference”

Abstract:
The paper uses simulation-based estimation and testing to evaluate a simplification of the version of the Mortensen-Pissarides (MP) model proposed by Yashiv (2006), which is itself an adaptation of the MP model for discrete time. Aggregate U.S data is used. The method used is that of bootstrap indirect-inference. My presentation will both review the MP model and summarize the method of indirect inference. I test a parameterisation of the model roughly equivalent to that proposed by Shimer (2005). I then attempt to estimate the model by fitting the joint distribution of model volatilities and the joint distribution of VAR coefficients respectively.
Estimation by these means fails to obtain plausible parameter estimates.