`README.m` – Example 3: Priors on unobservable variables with uncertainty

This assumes you have successfully completed the exercise in the `example2` directory. We now add a prior on the growth of the average productivity of labor, DAPL_BAR, with uncertainty around it. The necessary changes are:

- `ModYUKE.model` – Add a measurement equation with a shock for DAPL_BAR.
- `readDefinitions.m` – Change the version, eg `VER3`.
- `readModel.m` – Add the new measurement shock to the parameter database. NOTE: This is not mandatory for shocks. By default, IRIS will assign a standard deviation of 1 to any unparametrized shock.
- `estimateParams.m` – Set the value of the standard deviation of the measurement shock just added in accordance with how much you want your prior to be weighted relative to the data: a smaller number means more weight to your prior and a larger number means more weight to the data in arriving at the final estimate of the unobservable variable under consideration. If you wish, add a description to the current version. Open `estimateParams.m` to see how I have done this.
- `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`.