

```
%% Section 5: Step 1 of the SMM estimation
```

```
Wstep1 = getOptimalWeighting(qLag,dataMoments,setupStep1);
```

```
setupStep1.Sw = chol(diag(diag(Wstep1)));
```

```
for i=1:numOptimStep1
```

```
    [paramsStep1,setupStep1] = runOptimization(setupStep1,params0);
```

```
    params0 = paramsStep1;
```

```
end
```

```
resultsStep1 = getSESMM(struct2array(paramsStep1)',epsValue,setupStep1);
```