

Syllabus

222061-1617: Time Series Econometrics

Spring 2021

Jacek Suda

Website

Class website: <http://www.jaceksuda.com/teach/>

Email: jacek.suda@sgh.waw.pl

Office hours: on MS Teams by appointment

Description

The purpose of this course is to familiarize students with current techniques used in macroeconomic time series models with applications in macroeconomics, international finance, and finance; with the ultimate aim of providing necessary tools to conduct original research in the area.

The focus is on implementation of the models presented in the course.

Topics include ARMA models, VARs and impulse response functions; local projection; unit roots, and structural breaks; spurious regressions; cointegration and VECM; ARCH models of volatility, and trend/cycle decomposition methods, including Kalman filtering.

We will mostly work with the classical framework in the time domain but will touch upon Bayesian and frequency domain frameworks.

Prerequisites

I will assume some familiarity with matrix algebra and introductory statistics and econometrics.

The course is the continuation of “Econometrics” course but we will also review the univariate time series analysis in this course.

Requirements

Attending lectures and participating in classroom discussions is essential to the learning process.

There will be two or three homework assignments.

The class ends with a take-home exam.

The assignments and exam will require the use of econometrics software.

The weights in determining your grade are given as follows:

Homework assignments	50%
Final exam	50%

Readings

The book that covers most of the material is

- *Time Series Analysis* by James D. Hamilton, Princeton University Press, 1994.

Other texts are

- *State-Space Models with Regime Switching* by Chiang-Jin Kim and Charles R. Nelson, MIT Press, 1999.
- *New Introduction to Multiple Time Series Analysis* by Helmut Lütkepohl, Springer-Verlag, 2005.
- *Introduction to Bayesian Econometrics* by Edward Greenberg, Cambridge University Press, 2007.
- *Time Series and Panel Data Econometrics* by M. Hashem Pesaran, Oxford University Press, 2015.
- *Applied Econometric Time Series* by Walter Enders, Wiley, 2010.

The readings include journal articles and chapters from the above books.

Outline

- 1 Stationary Time Series Analysis
 - Overview of ARMA models
 - State-Space Representation
 - Kalman Filter
- 2 Structural Analysis
 - Granger Causality, VAR, IRFs, Estimation, Variance decomposition*
 - Reduced-form and structural VAR models
 - Distributed lag models
 - Jordà's local projection
- 3 Unit Roots and Structural Breaks
 - Unit root tests
 - Structural break tests
 - Trend/cycle decomposition
 - Cointegration
 - VEC models
- 4 Nonlinearity (*time permitting*)
 - ARCH/GARCH models
 - Markov switching
 - Time-varying parameters
 - Gibbs sampling
 - Threshold models