PhD Lecture Series in Selected Topics

Post-Keynesian, institutionalist, feminist and Marxian political economy

2016 Session

16 March

Introduction to Macroeconometrics

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This lecture provides a short introduction to contemporary macroeconometrics. We start by discussing descriptive statistics in multiple time series, including time plots, histograms, scatter plots, autocorrelation plots, and cross-correlograms. We then discuss the VAR model as a useful way of describing multiple time series data, and the relation between VAR and VMA models. Finally, we discuss the extent to which structural shock processes can be recovered from forecast errors in VAR models, and the extent to which exogenous variables can be included in VAR models.

Readings:

1. Hendry, D. *Dynamic Econometrics* (1995), chapters 1 and 2

2. Enders, W. *Applied Econometric Times Series* (2014), chapters 2 and 5

3. Sims, C. "Macroeconomics and reality" (1980), *Econometrica*

4. Sims, C. "Policy analysis with econometric models" (1982), *Brookings Papers on Economic Activity*

5. Juselius, K. "Time to reject the privileging of economic theory over empirical evidence? A reply to Lawson" (2011), *Cambridge Journal of Economics*