

Econ 313, Fall 2022

HW #5

due November 11

For this assignment, you will estimate a VAR.

1. Pick a system of variables to estimate. Explain why you chose this set of variables and what results (*e.g.* IRFs or a forecast) are of potential interest.
2. Using an appropriate combination of formal statistical tests (*e.g.* Dickey-Fuller), intuition, or related work, explain which, if any variables, will be transformed to ensure stationarity.
3. Will you need to log any of your variables?
4. Choose the appropriate number of lags to include in your VAR. Explain how you reached this decision.
5. Run your VAR. Explain why you chose the ordering that you did.
6. Derive a set of IRFs. Present the most interesting one and tell me why I should care.
7. Calculate a forecast and present it.
8. Provide a brief status update on your final paper. One to three paragraphs should suffice.