Errors in Applied Econometric Time Series

Page 199. The regression should have $(1–L^4)$, *i.e.*,

$$(1 - L^4)y_t = 0.107 + 0.00033t - 0.0055y_{1t-1} - 0.0943y_{2t-1} - 0.0843y_{3t-1} - 0.1870y_{3t-2}$$
$$(2.22) \quad (2.03) \quad (-2.13) \quad (-1.66) \quad (-1.21) \quad (-2.83)$$
$$+\sum_{i=1}^{9} \beta_i (1 - L^4)\Delta y_{t-i+1}$$

Page 233. Question 10, Part *a*, the equation should read

$$dlrgdp_t = 0.005 + 0.251 dlrgdp_{t-1} + 0.136 dlrgdp_{t-2} + \varepsilon_t$$

Page 292. The first-order model with *n* variables should read

$$\begin{bmatrix} 1 & b_{12} & b_{13} & \cdots & b_{1n} \\ b_{21} & 1 & b_{23} & \cdots & b_{2n} \\ . & . & . & . & . \\ b_{n1} & b_{n2} & b_{n3} & \cdots & 1 \end{bmatrix} \begin{bmatrix} x_{1t} \\ x_{2t} \\ \cdots \\ x_{nt} \end{bmatrix} = \begin{bmatrix} b_{10} \\ b_{20} \\ \cdots \\ b_{n0} \end{bmatrix} + \begin{bmatrix} \gamma_{11} & \gamma_{12} & \gamma_{13} & \cdots & \gamma_{1n} \\ \gamma_{21} & \gamma_{22} & \gamma_{23} & \cdots & \gamma_{2n} \\ . & . & . & . & . \\ \gamma_{n1} & \gamma_{n2} & \gamma_{n3} & \cdots & \gamma_{nn} \end{bmatrix} \begin{bmatrix} x_{1t-1} \\ x_{2t-1} \\ \cdots \\ x_{nt-1} \end{bmatrix} + \begin{bmatrix} \varepsilon_{1t} \\ \varepsilon_{2t} \\ \cdots \\ \varepsilon_{nt} \end{bmatrix}$$

Page 314. Question 8 Part *b* should read:

Verify that the inflation rate Granger causes the **money** supply. You should find that the F-statistic is 2.7 with a prob-value of 0.008.

Page 315. Question 9. The four variables should read

$dlrgdp_t = \log(RGDP_t) – \log(RGDP_{t-1})$
$price_t = GDP_t/RGDP_t$
$dlrm2_t = \log(M2_t/price_t) – \log(M2_{t-1}/price_{t-1})$
$drs = tb3mo_t – tb3mo_{t-1}$

Part a should read:

Estimate a three-variable VAR with twelve lags of $dlrgdp_t$, $dlrm2_t$ and drs_t. Include a constant but do not use any seasonal dummy variables.

Page 317. Question 10. The contemporaneous relationships should read

$$\begin{bmatrix} e_{yt} \\ e_{mt} \\ e_{rt} \end{bmatrix} = \begin{bmatrix} 1 & 0 & 0 \\ g_{21} & 1 & g_{23} \\ 0 & 0 & 1 \end{bmatrix} \begin{bmatrix} \varepsilon_{yt} \\ \varepsilon_{mt} \\ \varepsilon_{rt} \end{bmatrix}$$

Page 341. The three estimates of the long-run relationship (with t-values in parentheses) should read

$$y_t = -0.4843 - 0.9273z_t + 0.97687w_t + e_{yt}$$
$$(-0.5751) \; (-38.095) \; (53.462)$$

$$z_t = 0.0589 - 1.0108y_t + 1.02549w_t + e_{zt}$$
$$(0.6709) \; (-38.095) \; (65.323)$$

$$w_t = -0.0852 + 0.9901y_t + 0.95347z_t + e_{wt}$$
$$(-1.0089) \; (52.462) \; (65.462)$$

Page 376. Question 8. The equation should read

$$tb1yr_t = 0.698 + 0.916tb3mo_t$$

Page 405. The estimated SWARCH model for Brazil should read

$$\Delta r_t = -0.087 + 0.016\Delta r_{t-1} + \varepsilon_t$$
$$(0.03) \quad (0.05)$$

Page 408. In STEP 2, the equation should read

$$e_t = \delta z_t + \sum_{h=2}^{H} \alpha_i \hat{y}_t^h \quad \text{for } H \geq 2$$

Page 415. Equation (7.20) should read

$$y_t = 0.278 + 0.552y_{t-1} + e_t$$
$$(1.50) \; (10.42)$$