TOBB-ETU, Economics Department

Applied Time Series

Practice Session (Ozan Eksi)

1-) a-) Use VAR4, VAR5 and VAR6 for this practice. Using the following regression, discuss whether any of the regression coefficients change over time? If yes, find the break date(s) and the value of the parameter before and after the break date(s)?

$$VAR4_t = c + \beta * VAR5_t + e_t$$

b-) Using the following regression, discuss whether the variance of the residuals are subject to break(s) over time? If yes, report the variance of the resisuals between the break date(s).

$$VAR6_t = \alpha + \varepsilon_t$$