

Seminar Statistics

(Master)

Course description

Testing the predictive power of regressors is often a task in applied econometric work: think of fundamentals supposedly predicting stock returns or of growth regressions. The usual inferential tools (e.g. the t statistic) provide however biased inference when the regressor is persistent. The seminar sets to characterize the problem and to discuss the solutions available in the literature.

After a crash-course in asymptotics for persistent regressors, the structure becomes that of a “classical” seminar, where each participant chooses a topic, presents it in class and discusses it in a term paper. Each participant’s contribution is to present a method from the literature and illustrate its behavior in Monte Carlo experiments. Comparisons of prediction accuracy between different methods and data sets are also of interest. Data and programming work in R is unavoidable, and prior knowledge in time series analysis is required.

Prerequisites

- Time Series Analysis/Econometrics

Preliminary readings

- Campbell, J. Y. and M. Yogo (2006). Efficient tests of stock return predictability. *Journal of Financial Economics* 81(1), 27–60.
- Phillips, P. C. B. (2015). Pitfalls and possibilities in predictive regression. *Journal of Financial Econometrics* 13(3), 521–555.

Important dates

- Preliminary meeting: April 24th, see Univis for details
- Final choice of topic: May 5th, per email
- Oral presentations (tentative): June 25th, see Univis for details
- Written term paper due September 30th, per email

Grading

- Oral presentation 30%
- Activity in group meetings 20%
- Written term paper 50%

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Office hours:

- by appointment