

Econometric Methods - Part I, WS 2017/18

Anton Velinov

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Lectures: Fridays 9:30-12:30/13:00, Schumpeter Hall at DIW, starting on 20 October 2017

TA sessions: Mondays 9:00-11:00, Dulles Room (5.2.010) at DIW, starting on 23 October 2017

1. The Classical Linear Regression Model

- a) Ordinary Least Squares (OLS) Estimation
- b) Maximum Likelihood (ML) Estimation
- c) Hypothesis Testing
- d) Generalized Least Squares (GLS) Estimation

References: Hayashi (2000, Ch. 1), Judge et al. (1988, Ch. 5,6,8), Greene (2003, Ch. 3,4)

2. Asymptotic Theory

- a) Stochastic Convergence Concepts
- b) Laws of Large Numbers (LLN) and Central Limit Theorems (CLT)
- c) Asymptotic Properties of OLS
- d) Asymptotic Properties of ML
- e) Asymptotic Properties of GLS

References: Hayashi (2000, Ch. 2), Judge et al. (1985, Ch. 5), Hamilton (1994, Ch. 7), Greene (2003, Ch. 5)

3. Single Equation Generalized Method of Moments (GMM)

- a) Instrumental Variables (IV) Estimation
- b) Method of Moments (MM) Estimation
- c) GMM Estimation
- d) Asymptotic Properties of GMM
- e) Related Tests

References: Hayashi (2000, Ch. 3), Hamilton (1994, Ch. 14), Judge et al. (1988, Ch. 13)

4. Multiple Equation Generalized Method of Moments (GMM)

- a) Simultaneous Equations

b) GMM Estimation

c) Uses of Multiple Equation GMM

References: Hayashi (2000, Ch. 4), Hamilton (1994, Ch. 14), Judge et al. (1988, Ch. 11,14,15), Greene (2003, Ch. 14,15)

5. Panel Data

a) Random Effects

b) Fixed Effects

References: Judge et al. (1988, Ch. 11), Greene (2003, Ch. 13), Hayashi (2000, Ch. 5),

6. State-Space Models

a) Time-Varying-Parameter, Unobserved Components, Dynamic Factor and Common Stochastic Trend Models

b) The Kalman Filter

c) Bayesian Estimation

References: Kim & Nelson (1999, Ch. 3, 7), Hamilton (1994, Ch. 13), Judge et al. (1985, Appendix C)

References

Greene, W. H. (2003). *Econometric Analysis* (5 ed.). Upper Saddle River, NJ.

Hamilton, J. D. (1994). *Time Series Analysis*, volume 2. Princeton university press Princeton.

Hayashi, F. (2000). *Econometrics*. 2000. *Princeton University Press. Section, 1*, 60–69.

Judge, G. G., Hill, R. C., Griffiths, W., Lütkepohl, H., & Lee, T.-C. (1985). *The Theory and Practice of Econometrics*.

Judge, G. G., Hill, R. C., Griffiths, W., Lütkepohl, H., & Lee, T.-C. (1988). *Introduction to the Theory and Practice of Econometrics*. New York New York John Wiley and Sons.

Kim, C.-J. & Nelson, C. R. (1999). *State-space models with regime switching: classical and Gibbs-sampling approaches with applications*. The MIT press.

Course Requirements

The grading is based on the assignments (20%) and an exam (80%) at the end of the term. Each part of the course is given a 50% weight of the total grade.