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'/// Eviews program written by Carlos Goes and Rania Papageorgiou
'/// for use at Dr Prakash Loungani's Macroeconometrics course
'/// at Johns Hopkins SAIS

'*** This do file aims at
'**** (a) practicing time-series commands in Eviews
'**** (b) creating 15 random walk series
'**** (c) provide examples of spurious regressions

" 1. Create your workfile
close randomwalk.wf1
wfcreate(wf=randomwalk,page=quaterly) Q 1930Q1 2013Q4          " creates a quarterly workfile ranging from 1930Q1 to 2013Q4

" 2. Generate 15 random walk series

for !a = 1 to 15                                               " sets up the loop

    smpl @first @first                                         " restricts the sample to the first period
    series r_!a = rnd                                          " generates a random number
    smpl @first+1 @last                                        "" sets the sample to t+1 to the last period
    series r_!a = r_!a(-1) + 1+(-2)*rnd                        " sets r_it = r_it-1 + [random value between -1 and +1]

next

" 3. Plot the series

group group1 r_1 r_2 r_3 r_4 r_5 r_6 r_7 r_8 r_9 _
    r_10  r_11 r_12 r_13 r_14  r_15                            " creates a group (the '_' allows you to continue on the next line)
graph graph1.line(o=midnight) group1                           " creates a new graph called 'graph1'
graph1.legend -display                                         " sets the legend off
graph1.addtext(t, font(18pt,+b)) "15 Random Walk Series"       " adds the title
show graph1                                                    " plots the graph

" 4. Run regressions with the random series

equation eq1.ls r_1 c r_8
show eq1
equation eq2.ls r_9 c r_14
show eq2
equation eq3.ls r_4 c r_11
show eq3
equation eq4.ls r_3 c r_6
show eq4

    '*** Note that the coefficients will be statistically significant
     '        even though the series are random

    '*** That's called a spurious regression
```