EUROPEAN UNIVERSITY INSTITUTE

Doctoral Programme in Economics

2022-2023

Problem set 3

Latest version

Econometrics III

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I have used data from 1960 to 2019 and not from 1955 since the data for "GDP implicit price deflator" is not available from 1955 to 1960.

A. Granger-Causality Tests

	Dependent Variable in Regression		
Regressor	π	u	R
π	0.00	0.7320	0.6730
u	0.1642	0.00	0.0229
R	0.5637	0.4446	0.00

Table 1: Caption

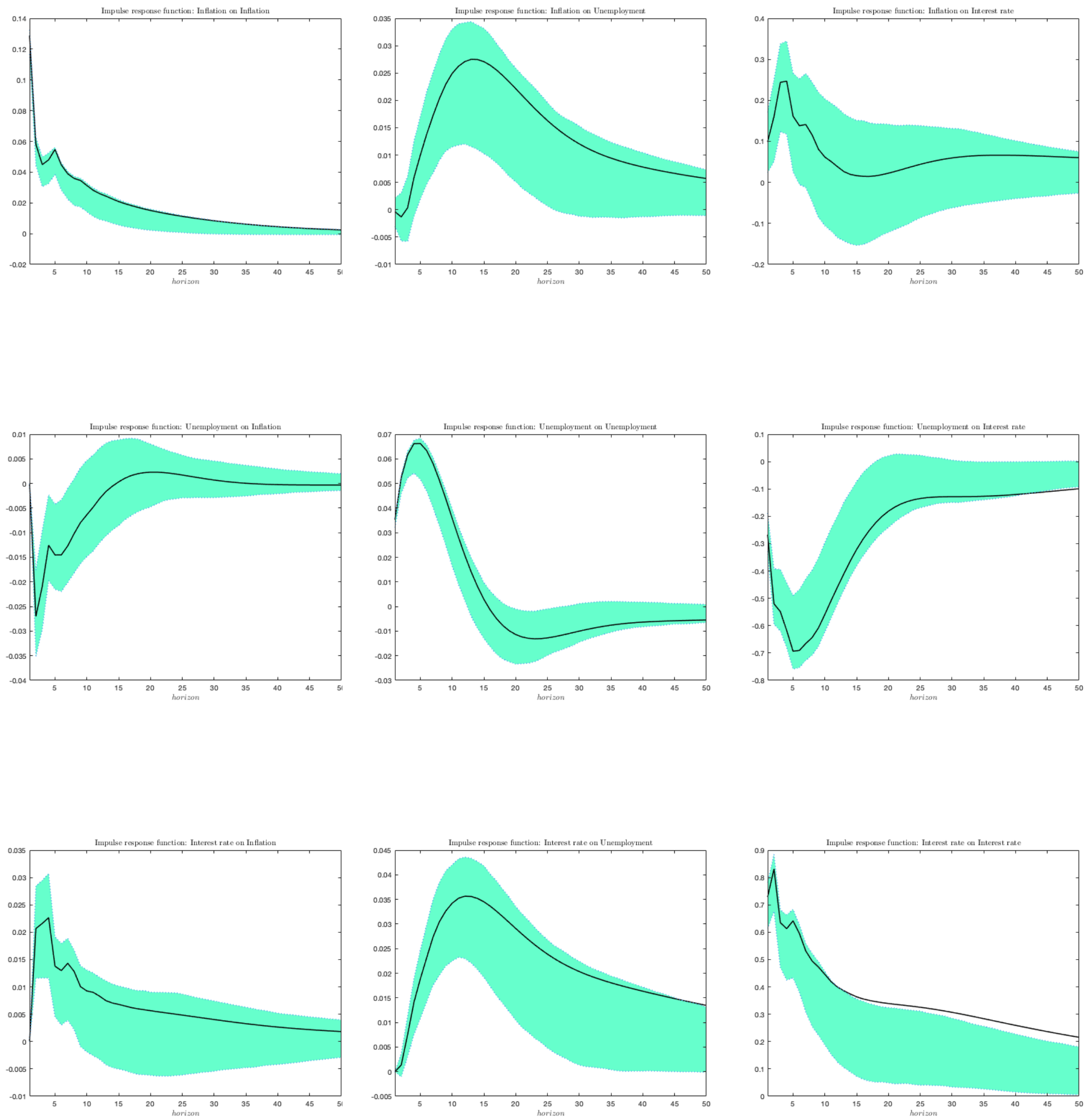

Figure 1: Impulse Responses in the Inflation-Unemployment-Interest Rate Recursive VAR.

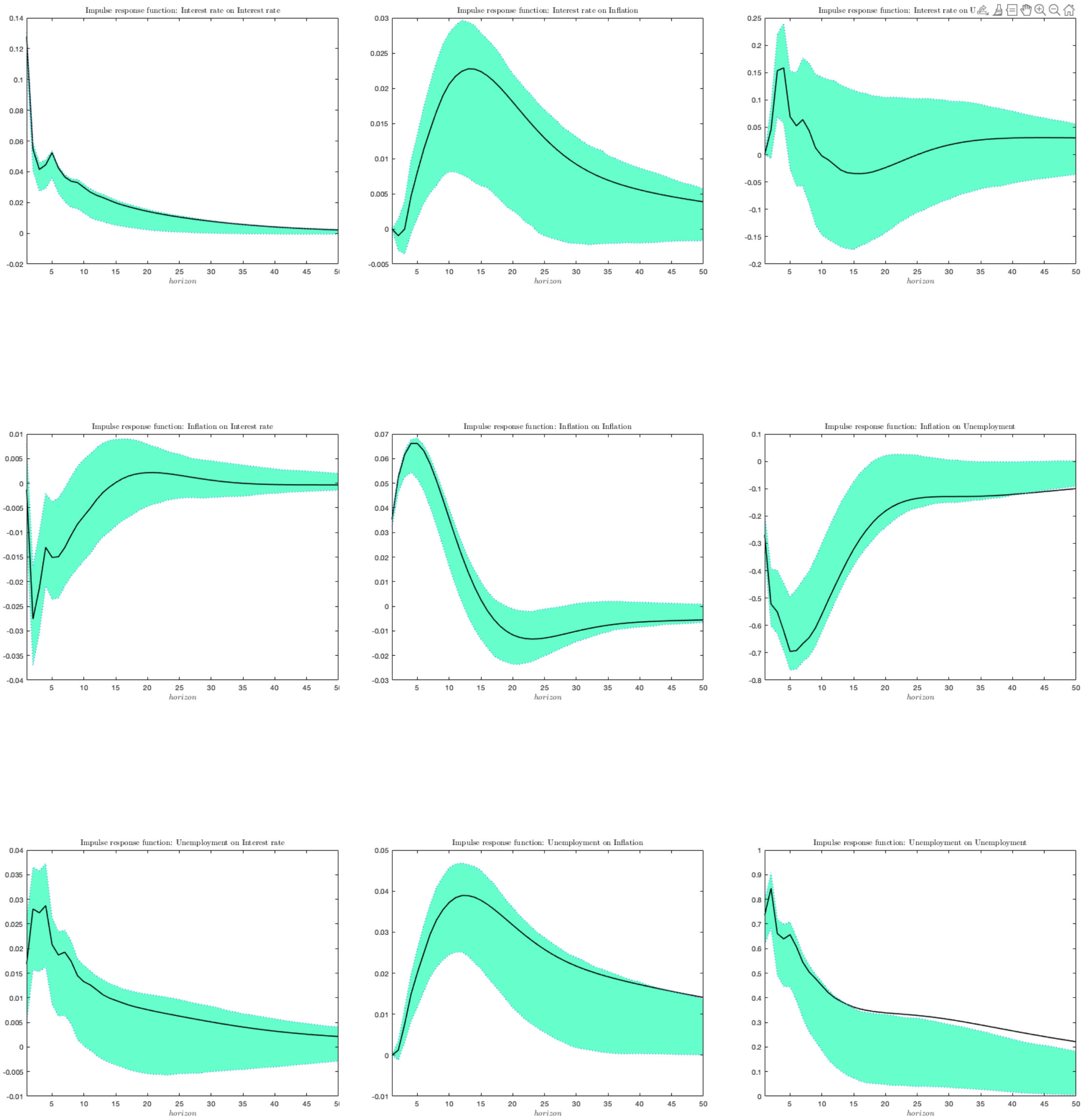

Figure 2: Impulse Responses in the Unemployment-Interest Rate-Inflation Recursive VAR.

The change of the order of variables induces very slightly changes into the impulse response function.