Stockholm University
Department of Economics
EC7413 Econometrics 3b, Spring 2020

Assignment 1

Submissions must be made via Athena. The submission should be in the form of a script file that conforms to the requirements of script files of the term paper. These requirements are found in the file `assessment – UPDATED 2020-03-18.pdf` (section 1, point 8) available on Athena under "Course information". Only one file per group should be submitted.

1. Load the data in the accompanying file `indprod.txt`. It contains percentage change in annual industrial production in the US 1861–1989.

2. Estimate the five models $AR(p)$ where $p = 1, 2, 3, 4, 5$.

3. Use Akaike's information criterion (AIC) and compare the models. Which model should we choose according to AIC?

4. Perform Ljung–Box and Jarque–Bera tests on the residuals of the selected model. What are the results? Interpret the results.