

Assignment 2

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.

Use the data set **ChickEgg** from **lmtest**. Answer the question whether the chicken or the egg was first by performing the following analysis and answering the subquestions:

1. Which order of integration do the variables have?
2. Show that the variables are not cointegrated.
3. Use information criteria to specify a VAR-model of an appropriate lag order.
4. Perform Ljung-Box and Jarque-Bera tests. What are the conclusions?
5. Perform Granger's causality test. Do chicken Granger-cause eggs or eggs Granger-cause chicken?
6. So which was first, the chicken or the egg?