***EViews* Exercises for Chapter 4**

**EXAMPLE 4.1: Modelling the U.K. spread as an integrated process**

This example again uses the workfile interest\_rates.wf1 that was used in Example 3.2. On generating the spread as in that example, the SACF and SPACF of its first differences may be obtained in the usual way but checking ‘1st difference’ in the ‘Correlogram Specification’ window. The AR(1) and MA(1) models are estimated with the commands

ls d(spread) c d(spread(-1))

ls d(spread) c ma(1)

Alternatively, a new series may be created with the command

genr d\_spread = d(spread)

and used directly.

**EXAMPLE 4.2: Modelling the $/£ exchange rate**

This example uses the workfile dollar.wf1. The SACF is obtained in usual fashion for the series dollar but with ‘Lags to include’ changed to 100. The SACF of the first differences of dollar may be obtained as in Example 4.1 above. The AR(1) and MA(1) models may be estimated using

ls d(dollar) d(dollar(-1))

ls d(dollar) ma(1)

**EXAMPLE 4.3: Modelling global temperatures**

This example uses the workfile global\_temps.wf1. Figure 4.6 may be constructed using the series temp in a manner analogous to that of Figure 3.7, while the ARIMA(0,1,3) process is estimated using the command

ls d(temp) c ma(1 to 3)