***EViews* Exercises for Chapter 8**

**EXAMPLE 8.1: Beveridge-Nelson decomposition of the *All Share* index**

This example uses the workfile ftse.wf1. The command

ls dlog(price) c ar(1 to 2) ma(1 to 2)

fits an ARIMA(2,1,2) model to the logarithms of the index, from which the various specifications in the decomposition may be obtained.

**EXAMPLE 8.2: Fitting H-P trends to global temperatures**

This example uses the workfile global\_temps.wf1. The H-P trends shown in Figure 8.1 are obtained by opening temp and clicking ***Proc/Hodrick-Prescott Filter…***. Successively selecting ‘Lambda’ to be 14400, 129600 and 500000 will obtain the three H-P trends.

**EXAMPLE 8.3: Fitting an H-P trend to British real per capita GDP**

This example uses the workfile gdp.wf1 and the H-P trend is obtained by generating the logarithms of gdp

genr lgdp = log(gdp)

opening this series and then clicking ***Proc/Hodrick-Prescott Filter…*** and selecting ‘Lambda’ as 10000. The annual trend growth rate is obtained with the command

genr trend\_gr = @pc(hptrend01)