

ADF Test

H_0 : Unit Root

H_1 : Stationary

Reject if t-stat < critical

KPSS Test

H_0 : Stationary

H_1 : Unit Root

Reject if LM > critical

Decision Matrix

ADF rejects

KPSS fails to reject

→ **Stationary**

ADF fails to reject

KPSS rejects

→ **Unit Root**

Both reject

or both fail

→ **Inconclusive**