

## ADF Test

$H_0$ : Unit Root

$H_1$ : Stationary

*Reject if  $t\text{-stat} < \text{critical}$*

## KPSS Test

$H_0$ : Stationary

$H_1$ : Unit Root

*Reject if  $LM > \text{critical}$*

## Decision Matrix

ADF rejects

KPSS fails to reject

→ **Stationary**

ADF fails to reject

KPSS rejects

→ **Unit Root**

Both reject

or both fail

→ **Inconclusive**