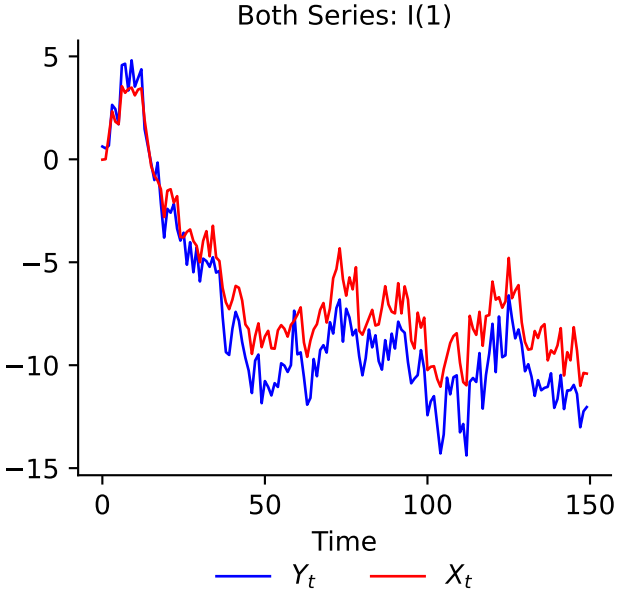
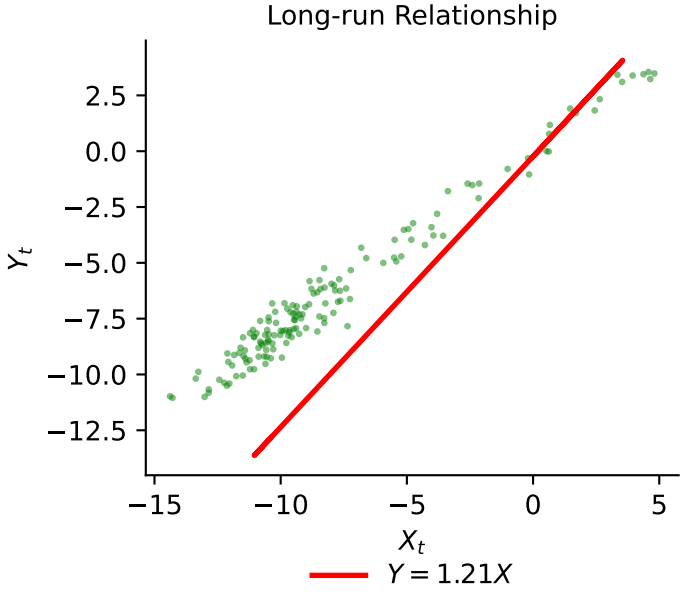
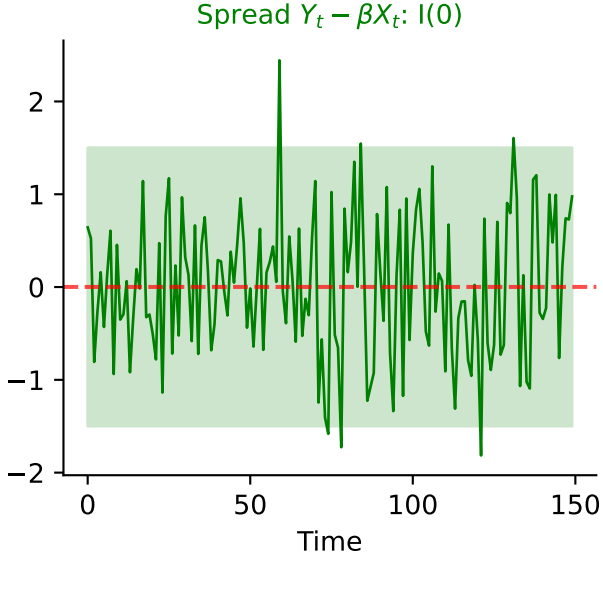

Both Series: I(1)
5
0
−5
−10
−15
0
50
100
150
Time
Y_t
X_t


Long-run Relationship
2.5
0.0
−2.5
−5.0
−7.5
−10.0
−12.5
Y_t
−15
−10
−5
0
5
X_t
$Y = 1.21X$


Spread $Y_t - \beta X_t$: I(0)
2
1
0
−1
−2
0
50
100
150
Time