



YILDIZ TECHNICAL UNIVERSITY
DEPARTMENT of ECONOMICS

ECONOMETRICS II
(Group 1, Tuesday 10.00-12.50)
(2022-23 Spring Semester)

Syllabus



Instructor: Prof. Dr. Hüseyin Taştan

Email: tastan@yildiz.edu.tr

Classnotes: <https://github.com/htastan/Econometrics-II>

Office: Davutpaşa Campus, IIBF/G2-205

Office Hours: Tuesday 14.00-16.00

Course assistant: tba

SCOPE and PURPOSE

This course is the second part of the Econometrics sequence. The purpose of this course is to teach fundamental methods in econometrics at the introductory level. In the first part, Econometrics I, offered in the Fall semester, we covered the classical linear regression model within the context of cross-sectional data and examined various extensions. Problems and issues arising in the regression analysis using time series data, such as dependence, trends, seasonality, non-stationarity, unit roots, etc., were left to the second part of the econometrics sequence. Econometrics II will particularly focus on the regression analysis with time series data and panel data. Topics in Econometrics II include the classical linear regression model (CNLRM) using matrix algebra, the properties and the nature of time series data, stationarity and dependency, unit roots and cointegration and panel data models.

Econometrics software: We will use R in class and in lab sessions. R is an open-source software for statistical computing and graphics which is widely used by statisticians, researchers, data scientists and econometricians as well as industry professionals. The latest version of R can be downloaded from:

<https://www.r-project.org/>

And R-studio may be used as an integrated development environment for R:

<https://www.rstudio.com/products/RStudio/>

PREREQUISITES

- Although passing is not required as per new regulations, I assume you have taken and successfully completed Econometrics I and Statistics I-II. Most of the concepts in this class are built on the principles laid out in Econometrics I.

TEXTBOOK

- J.M. Wooldridge (**W**), *Introductory Econometrics: A Modern Approach*, 6th ed., 2016, Cengage Learning.
R applications based on the Wooldridge's text:
 - F. Heiss (**H**), *Using R for Introductory Econometrics*, 2016, CreateSpace.Online version and other materials available at: <http://www.urfie.net/>

ADDITIONAL MATERIALS

- Class notes
- J. H. Stock and M.W. Watson (**SW**), *Introduction to Econometrics*, 3rd ed., 2015, Pearson.

EVALUATION

Midterms: 60% (there will be two midterms 30% each), Final: 40%



CLASS SCHEDULE

Week (Date)	2023 Spring Topics (W: Wooldridge, H: Heiss, SW: Stock and Watson)	Preparation
1 (Feb 28)	Review of Econometrics I; Review of Matrix Algebra; Linear Regression Model in Matrix Form	W: Appendix D and E
2 (March 7)	Linear Regression Model in Matrix Form (cont'd), Classical assumptions using matrix form, Properties of OLS estimators	W: Appendix D and E
3 (March 14)	Introduction to time series data, the nature of time series, basic concepts in time series analysis, Trends and seasonality, Forecasting	W: ch. 10, H: ch.10 SW: ch.14
4 (March 21)	Regression analysis using time series data, Finite sample properties of OLS estimator	W: ch. 10 H: ch.10
5 (March 28)	Regression analysis using time series data, cont.'d	W: ch. 10-11 H: ch.10
6 (April 4)	Further issues in regression analysis, stationarity and weak dependence, Moving Average (MA) process, AR process	W: ch. 11 H: ch.11
7 (April 11)	Further issues in regression analysis (cont.'d), asymptotic properties of OLS estimators, Highly persistent time series	W: ch. 11 H: ch.11
8 (April 18)	Midterm 1 (exact date and time to be announced later)	
9 (April 25)	Serial correlation in time series regressions, autocorrelation tests	W: ch. 12 H: ch.12
10 (May 2)	Serially correlated errors, GLS estimation, Heteroscedasticity in time series models, ARCH and GARCH models	W: ch. 12
11 (May 9)	Detecting nonstationarity, Unit root tests,	W: ch. 18 H: ch.18 SW: ch.14
12 (May 16)	Midterm 2 (exact date and time to be announced later)	
13 (May 23)	Regression analysis using nonstationary variables, Cointegration, Vector Autoregression (VAR) model, Error correction model (ECM)	W: ch. 18 H: ch.18 SW: ch.16
14 (May 30)	Forecasting time series	W: ch. 18 H: ch.18
15	Final Exam Week	