Multivariate Interpretation

Note: Should change wording to prevent plagiarism.

The squared coherency is large at low frequencies, which indicates that there is a considerable linear relationship between differenced starts and differenced completions series at low frequencies. That is, changes in starts and changes in completions have important low frequency cycles in common.

The lead or lag is the difference between the phase angles of the two series.

We interpret the phase spectrum only at those frequencies where the two time series are closely linearly related (where the coherence is largest). At the lowest frequencies, where the coherence is highest, the phase spectrum is approximately linear with a positive slope. Since the Cholesky ordering of our VAR has differenced starts coming before differenced completions, this suggests that changes in starts lead changes in completions at low frequencies.