All aBout Vector Regression

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Contents

Chapter 1

Prerequisites

This is a *sample* book written in **Markdown**. You can use anything that Pandoc's Markdown supports, e.g., a math equation $a^2 + b^2 = c^2$.

The **bookdown** package can be installed from CRAN or Github:

```
install.packages("bookdown")
# or the development version
# devtools::install_github("rstudio/bookdown")
```

Remember each Rmd file contains one and only one chapter, and a chapter is defined by the first-level heading `#`.

To compile this example to PDF, you need XeLaTeX. You are recommended to install TinyTeX (which includes XeLaTeX): https://yihui.name/tinytex/.

Chapter 2

Introduction

Placeholder

2.1 Features and namimg convention

2.2 Estimation

2.2.1 Classical Models

2.2.2 Bayesian VAR with analytical Solution

2.2.3 Bayesian VAR with Gibbs Sampler

2.3 Prior tools for BVARs

2.4 Identification

2.5 Applications/Methods

2.6 Extra

2.7 Tests

2.8 Counterfactuals

2.9 Forecast Scenarios

2.10 Diagnostics

2.10.1 Accompanying

2.11 See also other packages

Chapter 3

Estimation

Placeholder

3.1 Basics

3.2 Reduce Form VAR

3.2.1 Impulse Response Function

3.3 Minessota prior

Chapter 4

Methods

We describe our methods in this chapter.

Chapter 5

Applications

Some *significant* applications are demonstrated in this chapter.

5.1 Example one

5.2 Example two

Chapter 6

Final Words

We have finished a nice book.

Chapter 7

Literature

Here is a review of existing methods.

You can label chapter and section titles using `{#label}` after them, e.g., we can reference Chapter 2. If you do not manually label them, there will be automatic labels anyway, e.g., Chapter 4.

Figures and tables with captions will be placed in `figure` and `table` environments, respectively.

```
par(mar = c(4, 4, .1, .1))
plot(pressure, type = 'b', pch = 19)
```

Reference a figure by its code chunk label with the `fig:` prefix, e.g., see Figure 7.1. Similarly, you can reference tables generated from `knitr::kable()`, e.g., see Table 7.1.

```
knitr::kable(
  head(iris, 20), caption = 'Here is a nice table!',
  booktabs = TRUE
)
```

You can write citations, too. For example, we are using the **bookdown** package (Xie, 2020) in this sample book, which was built on top of R Markdown and **knitr** (Xie, 2015).

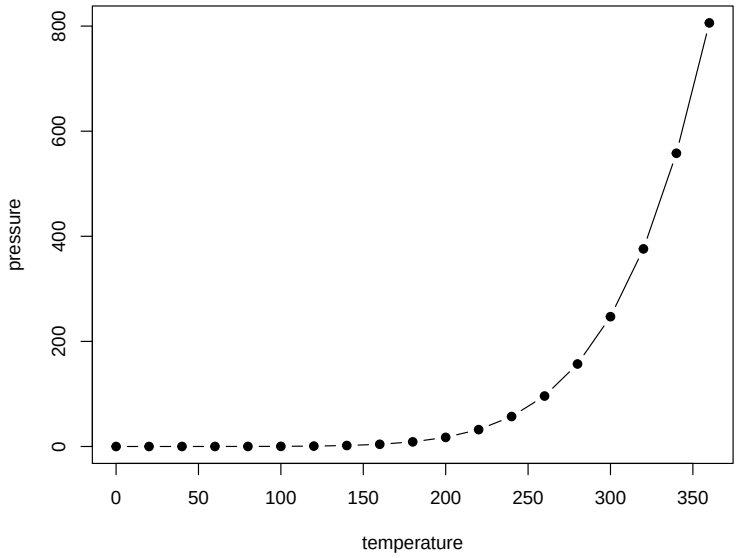

Figure 7.1: Here is a nice figure!

Table 7.1: Here is a nice table!

Sepal.Length	Sepal.Width	Petal.Length	Petal.Width	Species
5.1	3.5	1.4	0.2	setosa
4.9	3.0	1.4	0.2	setosa
4.7	3.2	1.3	0.2	setosa
4.6	3.1	1.5	0.2	setosa
5.0	3.6	1.4	0.2	setosa
5.4	3.9	1.7	0.4	setosa
4.6	3.4	1.4	0.3	setosa
5.0	3.4	1.5	0.2	setosa
4.4	2.9	1.4	0.2	setosa
4.9	3.1	1.5	0.1	setosa
5.4	3.7	1.5	0.2	setosa
4.8	3.4	1.6	0.2	setosa
4.8	3.0	1.4	0.1	setosa
4.3	3.0	1.1	0.1	setosa
5.8	4.0	1.2	0.2	setosa
5.7	4.4	1.5	0.4	setosa
5.4	3.9	1.3	0.4	setosa
5.1	3.5	1.4	0.3	setosa
5.7	3.8	1.7	0.3	setosa
5.1	3.8	1.5	0.3	setosa

Chapter 8

FAVAR

Factor augmented VAR model introduce in Bernanke et (2005). The FAVAR model can be writtern compactly as

$$y_{i,t} = \lambda_i f_t = \gamma_i r_t + \epsilon_{it}$$

Chapter 9

Algorithms

Placeholder

9.1 IRF

9.1.1 Companion

9.1.2 Algorithm 1

9.1.3 Algorithm 2

9.2 Error Bands for Impulse Response Function

9.2.1 Asymptotic

9.2.2 Mote Carlo

9.2.3 Bootstrap

9.2.4 Bootstrap after Bootstrap

9.2.5 Algorithm 2.2.1 (impulse response functions, all priors):

Bibliography

Xie, Y. (2015). *Dynamic Documents with R and knitr*. Chapman and Hall/CRC, Boca Raton, Florida, 2nd edition. ISBN 978-1498716963.

Xie, Y. (2020). *bookdown: Authoring Books and Technical Documents with R Markdown*. R package version 0.17.