

MSc Econometrics, Reading

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1 Reading

The lectures do not follow any particular text, but you should use a text book to supplement the lectures and notes and to cover issues in your project that are not in the lectures. There are a large number of good texts, choose one that uses matrix algebra. Use the index to locate topics, they are covered in different places in different texts. In most cases you do not need the latest edition of the text. Some are referred to below, but there are many other good texts.

The book that is probably closest to this course is Verbeek (2012).

Students find Kennedy (2008) very useful. It is not a textbook, it leaves out all the derivations, but it has a brilliant explanation of what econometrics is all about. It has an excellent chapter on doing applied econometrics and what to do when you get the wrong sign on a variable.

Greene (2012) is a very comprehensive text. If your current or future work involves econometrics, you will need a textbook for work and Greene is a good general reference.

Ruud, P.A. (2000) *An Introduction to Classical Econometric Theory*, Oxford is another good text.

If you have not done any econometrics before you might want to start with an introductory text that does not use matrix algebra extensively, like Stock and Watson (2008) or Wooldridge (2019) or many others.

Enders (2014) is a more general applied time-series text.

Although a little dated, Hamilton (1994) remains an excellent advanced time-series text. Pesaran (2015) covers many of the more recent time series developments and large T panels. Both are very big books.

Campbell, Lo and McKinley (1997) is the classic financial econometrics text. Cochrane (2005) also covers a lot of financial econometrics issues.

Patterson (2000) and Asteriou & Hall (2011) have many applications.

The approach to time-series in this course is loosely based on the Hendry methodology, Hendry (1995) provides the authorised version. An early exposition of the methodology is Spanos (1986), which is based on the econometrics course he gave here at Birkbeck.

Angrist and Pischke (2009) is an excellent accessible treatment of micro-econometrics. Wooldridge (2010) covers cross-section and panel estimation for small T panels at a more advanced level.

Favero (2001) and Canova (2007) are very good at linking the macroeconomic theory to the econometrics.

This course largely adopts a classical or frequentist approach to statistics, there is also a Bayesian approach. Koop (2003) is a good introduction.

You should also read applied econometric articles. The Journal of Economic Literature, Journal of Economic Perspectives and the Journal of Economic Surveys are good places to look.

2 References

Angrist, Joshua D. and Jorn-Steffen Pischke, (2009) *Mostly Harmless Econometrics*, Princeton.

Campbell, J.Y., A.W. Lo and A.C McKinley, (1997) *The Econometrics of Financial Markets*, Princeton.

Canova, Fabio (2007) *Methods for Applied Macroeconomic Research*, Princeton.

Cochrane, J (2005) *Asset Pricing*, Revised edition, Princeton.

Enders, W (2014) *Applied Econometric Time Series*, 4th edition Wiley.

Favero, Carlo (2001) *Applied Macroeconometrics*, Oxford.

Greene, William (2012) *Econometric Analysis*, 7th edition, Prentice Hall.

Hamilton, James D (1994), *Time Series Analysis* (Princeton/Wiley).

Hendry, David (1995) *Dynamic Econometrics*, Oxford.

Kennedy, Peter (2008) *A Guide to Econometrics* 6th edition Blackwell.

Koop, Gary (2003) *Bayesian Econometrics*, Wiley.

Patterson, Kerry (2000) *An Introduction to Applied Econometrics, a time series approach* Macmillan.

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Ruud, P.A. (2000) *An Introduction to Classical Econometric Theory*, Oxford.

Spanos, Aris (1986) *Statistical Foundations of Econometric Modelling*, Cambridge University Press.

Stock and Watson (2008) *Introduction to Econometrics, 2nd edition*, Addison Wesley.

Verbeek, Marno (2012) *A Guide to Modern Econometrics*, 4th edition , Wiley.

Wooldridge, Jeffrey > (2010) *Econometric Analysis of Cross-section and panel data*, 2nd edition MIT Press.

Wooldridge J.M.(2019) *Introductory Econometrics: a modern approach*, 7th edition, Cengage.