Homework 5

Due: November 19, 2018

Note: 1. Work alone. 2. Submit solutions of the home assignment to the TA. Only hard-copies are allowed.

Data file gdp.txt contain growth rates (real, seasonally adjusted) of the Korean GDP, consumption, investment on equipment, construction investment, export and import during the sampling period 2001:I - 2013I. Use statsmodel subroutines *irf* and *fevd*.

1. Using the data in gdp.txt and applying the generalized impulse response analysis, estimate the impulse response of GDP to export and construction investment.

2. Calculate the forecast error variance decomposition of GDP. Is export more important than construction investment?