Group Assignment ESS, Econometrics 20203, part II

You are requested to specify, using EViews (or R / Matlab / Python, NOT STATA), an appropriate econometric model for the year on year inflation rate (based on the consumer price index) of a selected country and sample period, to be agreed upon with your TA (Sara Staffolani for class 20 and Martin Fankhauser for class 21). Your groups will be as for the assignment of the first part of the course.

Each group is responsible for creating their own dataset. We recommend the International Finance Statistics by the International Monetary Fund as a good starting point.

After obtaining the relevant data, your tasks include:

1. Provide a descriptive analysis of the variables.
2. Discuss alternative model specifications.
3. Run diagnostic checks on your preferred model(s).
4. Discuss relevant economic hypotheses of interest regarding the model parameters.
5. Construct and evaluate 1-step ahead point forecasts for the last 10 years of the sample.
6. Compare your forecasts with those resulting from an AR (2) model.

Summarize your results in a presentation of a maximum of 15 slides.

Please upload the presentation as a PDF file and the EViews workfile (or R/Matlab/Python script) on Blackboard by **11 am** on **May 27, 2025**.