Testing

R has a tsCV()function for time series cross validation, but it is not applicable to VAR models with exogenous variables. Therefore, I completed the testing process using two alternatives. The first alternative is to test the residuals, and in this research I used R’s stability function with the type “Rec CUMSUM”, which is based on recursive residuals and examines if there is any structural change in residuals. Each of the three models has relatively stable and random residuals, which are neither biased upwards or downwards (Figures

