

**University of Waterloo
Department of Economics
Economics 421**

Course Outline

(Fall 2016)

Instructor: Dinghai Xu

Office: HH 201

Phone: 519-888-4567 ext. 32047

Email: dhxu@uwaterloo.ca

Lecture Time: T. & Th. 1:00 to 2:20

Lecture Location: RCH 307

Office Hours: Fr. 1:30 to 3:00 or by appointment

TA: TBA

Course Description

This course covers several theoretical/applied topics in Econometrics, including regression models, some popular estimation methods and time series analysis. This course will provide a good understanding of the techniques and inference widely used in applied research in economics. The details for each topic of this class are listed below.

The lecture material will be based on a collection of reference books and/or published papers. There is no required textbook.

Useful References:

- [1] **Econometric Theory and Methods (ETM)**, by R. Davidson and J. G. Mackinnon, Oxford University Press
- [2] **Econometrics Analysis (EA)**, by W. H. Greene, Sixth Edition, NY, Macmillan.
- [3] **Time Series Analysis (TSA)**, by J. D. Hamilton, Princeton University Press.

Journals:

Econometrica, Journal of Econometrics, Journal of Business and Economic Statistics, Journal of Finance, Journal of Financial Econometrics, Journal of Applied Econometrics and etc.

Topics

1. Overview of Important Concepts in Statistics (EA: Appendix A, B)

Random Variable and Probability
Distribution Functions
Moments and Statistical Inference
Matrix

2. Topics in Regression Models and the Statistical Inference

(EA: Chpt. 1, 2, 3, 4, 5, 7, 10; ETM: Chpt. 1, 2, 3, 4, 5)

Linear Regression Models
Non-Linear Regression Models
Multivariate Regression Models
Model Mis-specification Analysis

3. Topics in Estimation Methods and Procedures

(EA: Chpt. 15, 16; ETM: Chpt. 7, 8, 9, 10)

Method of Maximum Likelihood Estimation (MLE);
Method of Moments (MOM)/ GMM;
Generalized Least Squares (GLS) Procedure
Instrumental Variable (IV) Estimation (2SLS)
Monte Carlo Simulation

4. Topics in Time Series (if time permitted)

(TSA: Chpt. 3, 5, 8, 15, 21)

Introduction of Stochastic Process
Statistical Properties of Stationary ARMA
Autoregressive Conditional Heteroskedasticity (ARCH) /
Generalized ARCH (GARCH) Models
Stochastic Volatility Models
Non-Stationarity in Time Series

Some related papers (empirical / theoretical) for each topic might be discussed in the class. *The topics might not be covered in the above order.*

Computing Software

There might be several problem sets which require using statistical software for computation. Feel free to use any computing package you prefer. But I would suggest Stata or Matlab. Some popular computing software packages have been installed in the computers in the computer Lab or in Arts' public computing labs. For more information, please consult the Information Systems and Technology (IST) office.

Course Requirements

- Assignments (20%)
- Midterm Exam (30%)
- Final Exam (50%)

Economics Department Deferred Final Exam Policy

Deferred Final Exam Policy found at <https://uwaterloo.ca/economics/current-undergraduates/policies-and-resources/deferred-final-exam-policy>.

Cross-listed course

Please note that a cross-listed course will count in all respective averages no matter under which rubric it has been taken. For example, a PHIL/PSCI cross-list will count in a Philosophy major average, even if the course was taken under the Political Science rubric.

Academic Integrity

Academic Integrity: In order to maintain a culture of academic integrity, members of the University of Waterloo are expected to promote honesty, trust, fairness, respect and responsibility. See the [UWaterloo Academic Integrity Webpage \(https://uwaterloo.ca/academic-integrity/\)](https://uwaterloo.ca/academic-integrity/) and the [Arts Academic Integrity Office Webpage \(http://arts.uwaterloo.ca/current-undergraduates/academic-responsibility\)](http://arts.uwaterloo.ca/current-undergraduates/academic-responsibility) for more information.

Discipline: A student is expected to know what constitutes academic integrity, to avoid committing academic offenses, and to take responsibility for his/her actions. A student who is unsure whether an action constitutes an offense, or who needs help in learning how to avoid offenses (e.g., plagiarism, cheating) or about “rules” for group work/collaboration should seek guidance from the course professor, academic advisor, or the Undergraduate Associate Dean. When misconduct has been found to have occurred, **including writing exams in a section that you are not registered in**, disciplinary penalties will be imposed under [Policy 71 – Student Discipline](#). For information on categories of offenses and types of penalties, students should refer to [Policy 71 - Student Discipline](#). For typical penalties check Guidelines for the Assessment of Penalties found at <http://www.adm.uwaterloo.ca/infosec/guidelines/penaltyguidelines.htm>.

Grievance: A student who believes that a decision affecting some aspect of his/her university life has been unfair or unreasonable may have grounds for initiating a grievance. Read [Policy 70 - Student Petitions and Grievances, Section 4](#). In addition, read [the Student Grievance Process](#) for the Faculty of Arts found at <https://uwaterloo.ca/arts/current-undergraduates/student-support/student-grievances-faculty-arts-processes>.

Appeals: A student may appeal the finding and/or penalty in a decision made under Policy 70 - Student Petitions and Grievances (other than regarding a petition) or Policy 71 - Student Discipline if a ground for an appeal can be established. Read [Policy 72 - Student Appeals](#).

Other sources of information for students

[Academic integrity \(Arts\) Academic Integrity Office \(uWaterloo\)](#)

Accommodation for Students with Disabilities

Note for students with disabilities: The [AccessAbility Services office](#), located in Needles Hall Room 1132, collaborates with all academic departments to arrange appropriate accommodations for students with disabilities without compromising the academic integrity of the curriculum. If you require academic accommodations to lessen the impact of your disability, please register with the AS office at the beginning of each academic term.