

Summer Course
Advanced Time Series and Forecasting
Assignment 5

See “rates.doc” for a description of the data file.

For all questions, use 1962:1 through 2012:6 as the sample period. Use the first 24 observations (1960:1 through 1961:12) for initial conditions and differencing transformations.

You are to calculate the following. You should write your own code (recommendation: use R), but can borrow from pre-existing code where you feel comfortable doing so.

You may or may not be able to complete all parts of each assignment each day. Get done what you can!

Take your favorite model from the week,

1. Estimate the model allowing for a one-time structural change in the mean.
2. Test the model for a one-time structural change in the mean.
3. If appropriate, revise your forecasts.