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Joint Vienna Institute / IMF Institute for Capacity Development

Macro-econometric Forecasting and Analysis (JV16.12)

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READING LIST

Session	Reading
U–1	**Stationary VARs, structural VARs and their application I: short-run restrictions** Sims, C. (1992). "Interpreting the Macroeconomic Time Series Facts: the Effects of Monetary Policy," *European Economic Review*, pp. 975-1000.[1] https://ideas.repec.org/p/cwl/cwldpp/1011.html Bernanke, B. and I. Mihov (1995). "Measuring Monetary Policy," NBER, WP/5145. http://www.nber.org/papers/w5145.pdf Blanchard, O. and R. Perotti (2002), "An Empirical Characterization of the Dynamic Effects of Changes in Government Spending and Taxes on Output," *The Quarterly Journal of Economics*, pp. 1329-68. http://qje.oxfordjournals.org/content/117/4/1329.full.pdf+html?sid=8e0d3cb9-9a31-4b41-b67c-1e2b30c7ca4f Canova, F. (2007): Methods for Applied Macroeconomic Research, Princeton University Press. http://down.cenet.org.cn/upfile/8/2007322203253154.pdf
U–2	**Modeling of non-stationary variables, forecasting with VECMs** Johansen, S., 1988, "Statistical Analysis of Cointegration Vectors," *Journal of Economic Dynamics and Control*, Vol. 12, No. 2–3, pp. 231–254. http://nhjy.hzau.edu.cn/kech/hgjjx/Article/UploadFiles/tese/xuexiziyuan/jdwxxd/lwl/12.pdf Hamilton, J. D., 1994, "TS Analysis," Princeton University Press, Chapters 15–19, pp. 435–629. Martin, V. L., A. S. Hurn and D. Harris (2013), "Econometric Modeling with Time Series: Specification, Estimation and Testing," Chapters 16–18, pp. 612–749.

[1] Highlighted references are strongly recommended, the others comprise optional readings.

	Ghysels, E., and M. Marcellino, 2016, *"Applied Economic Forecasting Using Time Series Methods," Oxford University Press, forthcoming,* Chapter 7. Shamloo, Maral (2011), "Inflation Dynamics in FYR Macedonia," IMF Working Paper 11/287. https://www.imf.org/external/pubs/ft/wp/2011/wp11287.pdf
U–3	**Structural VARs and their application for policy analysis II: long-run and other restrictions** Blanchard, O. and D. Quah (1989). "The Dynamic Effects of Aggregate Demand and Supply Disturbances," *American Economic Review*, pp. 655-73. http://www.jstor.org/stable/1827924?seq=5#page_scan_tab_contents Fry, R. and A. Pagan (2011). "Sign Restrictions in Structural Vector Autoregressions: A Critical Review," *Journal of Economic Literature*, 49, pp. 938-60. http://pubs.aeaweb.org/doi/pdfplus/10.1257/jel.49.4.938 Ouliaris, S. *et al* (2015). "Quantitative Macroeconomic Modeling with SVARs", *Ch.6-7*.
U–4	**State-Space Models and the Kalman Filter** Aruoba, S.B., Diebold, F.X. and C. Scotti, 2009, "Real-Time Measurement of Business Conditions," *Journal of Business and Economic Statistics*, 27:4, pp. 417–27. https://www.philadelphiafed.org/-/media/research-and-data/real-time-center/business-conditions-index/real-time-measurement-of-business-conditions14.pdf?la=en Diebold, F. X. and C. Li, 2006, "Forecasting the Term Structure of Government Bond Yields," *Journal of Econometrics*, 130, pp. 337–364. http://www.ssc.upenn.edu/~fdiebold/papers/paper49/Diebold-Li.pdf Laubach, T., and J. C. Williams, 2003, "Measuring the Natural Rate of Interest," *Review of Economics and Statistics*, vol. 85, no. 4, pp. 1063–1070. https://www.federalreserve.gov/pubs/feds/2001/200156/200156pap.pdf Ghysels, E., and M. Marcellino, 2016, *"Applied Economic Forecasting Using Time Series Methods," Oxford University Press, forthcoming,* Chapter 12.
U–5	**Factor Models and Factor-Augmented VARs (FAVARs)** Bai, J., and S. Ng (2008), "Large Dimensional Factor Analysis," Foundations and Trends in Econometrics, 3(2): 89-163. http://www.columbia.edu/~sn2294/pub/eco-002.pdf Stock, J.H., and M.W. Watson (2006), "Forecasting with Many Predictors," ch. 6 in Handbook of Economic Forecasting, ed. by Graham Elliott, Clive W.J. Granger, and Allan Timmermann, Elsevier, 515-554. http://down.cenet.org.cn/upfile/10/20097279622135.pdf - See Chapter 10

	Stock, J. H. and Watson, M. W. (2011), Dynamic Factor Models, in Clements, M.P. and Hendry, D.F. (eds), Oxford Handbook of Forecasting, Oxford: Oxford University Press.
U-6	**Conditional forecasting with VARs in small open economies** Waggoner D.F., and T. Zha, 1999, "Conditional forecasts in dynamic multivariate models," *The Review of Economics and Statistics*, 81:4, pp. 639-651. http://www.jstor.org/stable/2646713?seq=1#page_scan_tab_contents
U–7	**Estimation of and forecasting with Bayesian VARs** Andrea Carriero, A., T. Clark and M. Marcellino, 2011, "Bayesian VARs: specification choices and forecast accuracy," *Journal of Applied Econometrics*, 30: pp46–73. https://ideas.repec.org/p/fip/fedcwp/1112.html Litterman, R. B., 1986, "Forecasting with Bayesian Vector Autoregressions—Five Years of Experience," *Journal of Business & Economic Statistics*, 4, 1, pp. 25–38. https://www.minneapolisfed.org/research/wp/wp274.pdf Del Negro, M., and F. Schorfheide, 2004, "Priors from General Equilibrium Models for VARs," *International Economic Review*, 45, 2, pp. 643–73. http://onlinelibrary.wiley.com/doi/10.1111/j.1468-2354.2004.00139.x/abstract;jsessionid=BCEDF2158E5E5C6D56682D9A00CFBFDF.f01t01 Del Negro, M., and F. Schorfheide, 2007, "Bayesian Macroeconometrics," prepared for the Handbook of Bayesian Econometrics. http://sites.sas.upenn.edu/schorf/files/bayesian_macro.pdf Giannone, D., Lenza, M. and G. Primiceri, 2015, "Prior Selection for Vector Autoregressions," *The Review of Economics and Statistics*, 97(2), pp. 436-451. http://www.mitpressjournals.org/doi/pdf/10.1162/REST_a_00483
U–8	**Forecast Combinations** Clemen, R., 1985, "Combining Forecasts: A Review and Annotated Bibliography," *International Journal of Forecasting*, Vol. 5, No. 4, pp. 559–583. https://faculty.fuqua.duke.edu/~clemen/bio/Published%20Papers/13.CombiningReview-Clemen-IJOF-89.pdf Stock, J., and M. Watson, 2004, "Combination Forecasts of Output Growth in a Seven-Country Data Set," *Journal of Forecasting*, Vol. 23, Issue 6, pp. 405–30. http://onlinelibrary.wiley.com/doi/10.1002/for.928/epdf Timmermann, A., 2006, "Forecast Combinations," in Handbook of Economic Forecasting,

	Volume I, ed. by G. Elliott, C. W.J. Granger, and A. Timmermann (Amsterdam: Elsevier), Chapter 4. http://down.cenet.org.cn/upfile/10/20097279622135.pdf
U–9	**Univariate and multivariate models of volatility and their application** Bollerslev, T., 1986, "Generalized Autoregressive Conditional Heteroskedasticity," *Journal of Econometrics*, Vol. 31, No. 3, pp. 307–327. http://public.econ.duke.edu/~boller/Published_Papers/joe_86.pdf Andersen, T., Bollerslev, T., Diebold, F. and P. Labys, 2003, "Modeling and Forecasting Realized Volatility," *Econometrica*, Volume 71, Issue 2, pp. 579–625. http://statmath.wu.ac.at/~hauser/LVs/OLDFinEtrics/AndersenBollerslevDieboldLaby03Etrica.pdf