



UNIVERSITÀ  
DEGLI STUDI DI MILANO-BICOCCA

## SYLLABUS DEL CORSO

### Serie Storiche Economiche

1920-3-E4101B016

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#### Learning objectives

The main aims of the course are two. The first one is to provide the students with a solid theoretical background in time series analysis. The second aim is to enable students to apply time series analysis to real economic datasets, using econometrics software packages.

#### Contents

1. Overview
2. Stochastic processes
3. Linear projection and Wold's decomposition
4. Stationary Time Series Models
5. Nonstationary Time Series Models
6. Box-Jenkins approach to model identification
7. Seasonal Time Series Models
8. Maximum likelihood estimation
9. Diagnostic Checking and Model Selection
10. Forecasting ARMA models

11. Time series regression
12. Unit root tests
- 13 introduction to cointegration

## **Detailed program**

### 1. Overview

2. Stochastic processes: time series and Stochastic Processes, stationarity, the Autocovariance and Autocorrelation Functions, the Partial Autocorrelation Function, white Noise Processes, sample Mean, Autocovariances, and Autocorrelation, ergodicity

3. Linear projection and Wold's decomposition

4. Stationary Time Series Models: autoregressive Processes, moving Average Processes, the Dual Relationship Between AR(p) and MA(q) Processes, autoregressive Moving Average ARMA(p, q) Processes

5. Nonstationary Time Series Models: nonstationarity in the Mean, deterministic Trend Models, stochastic Trend Models, ARIMA Models, Nonstationarity in the Variance and the Autocovariance, variance Stabilizing Transformations

6. Box-Jenkins approach to model identification

7. Seasonal Time Series Models : Buys Ballot table and Traditional Methods, seasonal ARIMA Models

8. Conditional and unconditional Maximum likelihood estimation

9. Diagnostic Checking and Model Selection: residual analysis, Ljung-Box test, Akaike and Schwartz information criteria

10. Forecasting ARMA models : linear projection and optimal forecast, forecasting based on an infinite number of observations (Wiener-Kolmogorov filter, forecasting based on a finite number of observations)

11. Time series regression

12 Unit root tests

12. introduction to cointegration

## **Prerequisites**

Knowledge of the topics of Statistics I and II, Probability, Multivariate Statistical Analysis and Calculus II is recommended.

## Teaching methods

Traditional lectures will be accompanied by laboratory sessions to simulate and re-discover the main theoretical results. The students will practice both on time series simulated from different stochastic processes and on real economic time series.

## Assessment methods

The exam is written and oral, divided in two parts:

1. a written and oral test on the main theoretical topics of the course to assess the students' ability to formulate and demonstrate the theoretical foundations of ARIMA processes;
2. an applied part consisting in the analysis of a time series, the identification of the generating process and forecasting for a given period

## Textbooks and Reading Materials

HAMILTON, James Douglas. *Time series analysis*. Princeton: Princeton university press, last edition.

## Semester

First semester

## Teaching language

Italian

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