Time Series Analysis: Cointegration and Error Correction

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Abstract

A typical aspect of economic theory is that of time series analysis. It is useful to study the relationship between economic variables, viewed as time series.
In this seminar, we will introduce some fundamental notions of time series. Then the concept of cointegration and error correction is presented with the proof of Granger representation theorem.
We will also show some examples and plots of cointegrated systems.

References

[1] Engle, R. F. and Granger, C. W. J. (1987). Co-Integration and Error Correction: Representation, Estimation, and Testing. Econometrica; Vol. 55, No. 2, pp. 251-276.

[2] Zivot, E. and Wang, J. (2006). Modeling Financial Time Series with S-Plus. Springer, second edition.