## Course Outline and Reading List

Note: * items are required readings and will eventually be in a packet of readings.

**General references for time series analysis:**


### I. Introduction: The Gauss-Markov Theorem, Granger Causality and Vector Autoregressions


II. Exploiting Rational Expectations Orthogonality: Understanding Real Interest Rate Behavior


III. Univariate Models: Unit Roots and Trend and Cycle Decomposition


*P. Perron, "The Great Crash, the Oil Price Shock and the Unit Root Hypothesis", *Econometrica* 57, 1361-1401.

G.W. Schwert, "Effects of Model Specification on Tests for Unit Roots in Macroeconomic Data,"


IV. Multivariate models: VAR and Cointegration


V. Structural Vector Autoregressive (VAR) Models: The Effects of Monetary Policy Shocks


VI. **Structural VAR: Recent Developments**

-- **Large amount of data:**


-- **High Frequency Identification of VARs:**

J. Faust, E. Swanson and J. Wright (2002), “Identifying VARs based on high frequency futures data”, manuscript, FRB.


-- **VAR and Dynamic Stochastic General Equilibrium (DSGE) models:**


VII. Historical-Econometric Methods


VIII. Historical Approach: Financial Crises


*F.S. Mishkin, "Understanding Financial Crises: A Developing Country Perspective," in Michael Bruno and Boris Pleskovic, eds., Annual World Bank Conference on


IX. Case Study Approach: Monetary Policy Strategy


