

ECONOMETRICS I, SPRING 2025.

Homework 9. Due Wednesday April 9.

1. 1. Computer question using Matlab (continuation of previous homeworks).

a) In Matlab, regress U.S. real per capita consumption growth on a constant and U.S. data income growth by OLS and calculate the t-stat . Estimate and AR(1) model for the residuals and estimate the model again using a) Cochrane-Orcutt and b) Prais-Winsten. Compare the estimates and the t-stats.

b) In Matlab, estimate the same model by Maximum Likelihood. Compare to the previous estimates.