



INSTITUT FÜR HÖHERE STUDIEN
INSTITUTE FOR ADVANCED STUDIES
Vienna

ECONOMETRICS RESEARCH SEMINAR

January 26, 2012, 9 am

**Institute for Advanced Studies
1060 Vienna, Stumpergasse 56
HS II (lecture room II)**

Please note that the seminar will start at 9 am sharp!

Martin Wagner

Institute for Advanced Studies

A Fixed-b Perspective on the Phillips-Perron Unit Root Tests

In this paper we extend fixed-b asymptotic theory to the nonparametric Phillips-Perron (PP) unit root tests. We show that the fixed-b limits depend on nuisance parameters in a complicated way. These non-pivotal limits provide an alternative theoretical explanation for the well known finite sample problems of PP tests. We also show that the fixed-b limits depend on whether deterministic trends are removed using one-step or two-step approaches. This is in contrast to the asymptotic equivalence of the one- and two-step approaches under a consistency approximation for the long run variance estimator. Based on these results we introduce modified PP tests that allow for fixed-b inference. The theoretical analysis is cast in the framework of near-integrated processes which allows to study the asymptotic behavior both under the unit root null hypothesis as well as for local alternatives. The performance of the original and modified PP tests is compared by means of local asymptotic power and a small finite sample simulation study.

with Timothy J. Vogelsang (Michigan State University)

DOWNLOAD SITE FOR PAPERS (IF AVAILABLE) AND SEMINAR SCHEDULE: <http://economics.ihs.ac.at/seminars>

NOTE: Participation of advanced students in this seminar is highly recommended.



ECONOMETRICS RESEARCH SEMINAR

Manfred Deistler (University of Technology Vienna and IHS), **Robert Kunst** (IHS),
Benedikt Pötscher (University of Vienna and IHS), **Leopold Sögner** (IHS)

Venue: Institute for Advanced Studies, 1060 Vienna, Stumpergasse 56

Schedule 2011/2012

UNIT	DATE	ROOM	SEMINAR
1	Thu, Oct 27 9:00 am	HS II	Jerry Hausman, MIT
2	Thu, Nov 03 9:00 am	HS II	Carlos Velasco, Universidad Carlos III de Madrid
3	Thu, Nov 10 9:00 am	HS II	Matthias Koch, Vienna University of Economics and Business
4	Thu, Nov 17 9:00 am	HS II	Adam Rosen, University College London
5	Thu, Nov 24 9:00 am	HS II	Genaro Sucarrat, BI Norwegian Business School
6	Thu, Dec 01 9:00 am	HS II	Bernd Funovits, Vienna Graduate School of Economics
7	Thu, Dec 15 9:00 am	HS II	Ulrike Schneider, TU Vienna
8	Thu, Jan 12 9:00 am	HS II	Ingmar Prucha, University of Maryland
9	Thu, Jan 19 9:00 am	SZ VI	Siegfried Hörmann, Université Libre de Bruxelles
10	Thu, Jan 26 9:00 am	HS II	Martin Wagner, Institute for Advanced Studies
11	Thu, Feb 23 9:00 am	HS II	Michel Dacorogna, SCOR
12	Thu, Mar 8 9:00 am	HS II	Sabyasachi Das, Vienna Graduate School of Economics
13	Thu, Mar 15 9:00 am	HS II	Steven Durlauf, University of Wisconsin-Madison
14	Thu, Mar 22 9:00 am	HS II	Jan G. De Gooijer, Universiteit van Amsterdam
15	Thu, Apr 19 9:00 am	HS II	Peter Hansen, EUI
16	Thu, Apr 26 9:00 am	HS II	Domenico Giannone, Université libre de Bruxelles
17	Thu, May 24 9:00 am	HS II	Michael Wolf, University of Zurich
18	Thu, Jun 21 9:00 am	HS II	Maximilian Kasy, UCLA

DOWNLOAD SITE FOR PAPERS (IF AVAILABLE) AND SEMINAR SCHEDULE: <http://economics.ihs.ac.at/seminars>

NOTE: Participation of advanced students in this seminar is highly recommended.