For favour of posting

DEPARTMENT OF STATISTICS AND ACTUARIAL SCIENCE
THE UNIVERSITY OF HONG KONG

Departmental Seminar

Dr. Chen WANG

Faculty of Economics
University of Cambridge
UK

will give a talk

entitled

ALTERNATIVE ASYMPTOTICS FOR COINTEGRATION TESTS IN LARGE VARS

Abstract

Johansen's (1998, 1991) trace test for no cointegration of a vector autoregression (VAR) is based on the squared sample canonical correlations between a random walk and its own innovations. We study the asymptotic behaviour of the empirical distribution of those squared canonical correlations when the number of observations and the dimensionality of the VAR diverge to infinity simultaneously and proportionally. We find that the distribution weakly converges to the so-called Wachter distribution. This finding provides a theoretical explanation for the observed tendency of Johansen's test to find spurious cointegration.

on

Thursday, March 8, 2018

(Refreshments will be served from 5:15 p.m. outside Room 301 Run Run Shaw Building)

5:30 p.m. – 6:30 p.m.

at

Room 301, Run Run Shaw Building

Visitors Please Note that the University has limited parking space. If you are driving please call the Department at 3917 2466 for parking arrangement.

All interested are welcome