

ECM 582 Lec 6

Note Title

4/17/2013

Q: What does the NW LW estimator look like?

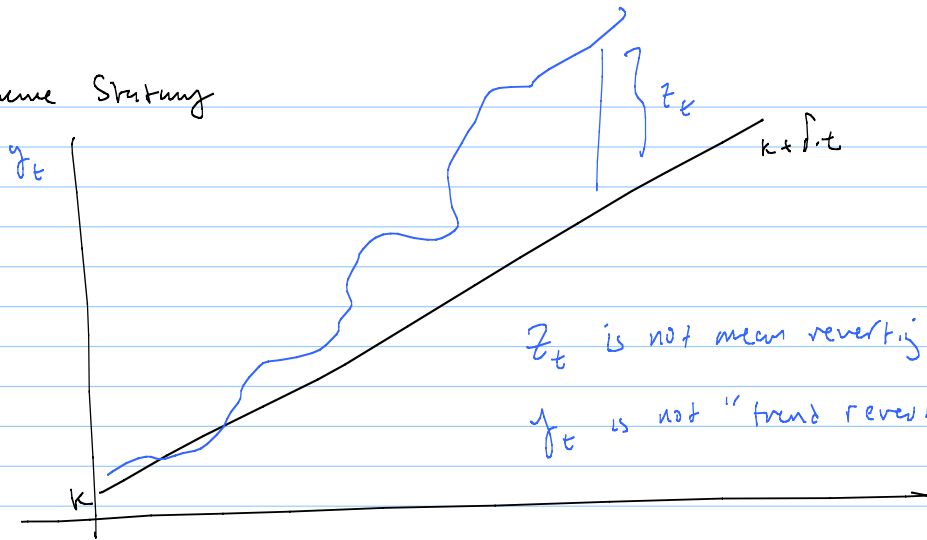
$$LN\hat{V}_{NW} = \hat{\beta}_0 + 2 \sum_{k=1}^q w_k \hat{\beta}_k$$

w_k are linearly declining weights.

estimator for $\text{var}(\hat{\beta})$

$$w_k = 1 - \frac{k}{q}$$

Difference Stationary



$$\Delta z_t = \psi^*(\nu) \epsilon_t \equiv u_t$$

$$z_t = z_{t-1} + u_t$$

(looks like ~~again~~
a random walk)

$$z_1 = z_0 + u_1$$

But u_t is autocorrelated

$$z_2 = z_1 + u_2$$

so z_t is not a

$$= z_0 + u_1 + u_2$$

"pure" random walk

$$z_t = z_0 + \sum_{j=1}^t u_j$$