

Economics 164: Econometrics II

Instructor: Sophocles Mavroeidis
Office: Robinson 303B
Email: Sophocles_Mavroeidis@brown.edu
Office Hours: TTh 1:15-2:15 pm
Classes: TTh 2:30-3:50 pm

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Course Description

This course is a continuation of EC 163 with an emphasis on econometric modeling and applications. It includes applied topics from economics and finance.

Prerequisite: EC 163.

Course objectives: On completing this course, students should have sufficient knowledge of the econometric techniques needed to carry out an empirical study on their own. Also, they should be able to understand and interpret the empirical results presented in academic articles and professional reports and to critically appraise them.

Reading list

There is no textbook required for this course. Reading lists will be provided separately for each topic. However, the following textbook (used also in EC 163) will be useful:

- Stock and Watson (2006) Introduction to Econometrics, 2nd edition. Addison Wesley.

Assignments/Grading

Grades will be based on homework assignments (15%), three midterm exams and one (3x15%), and a final econometric project (40%). The assignments will be due two days before each TA section. The midterms will take place in class on 2/19, 3/31 and 4/30. The final project is due on 5/5.

Project

Towards the end of the course, students will be asked to conduct a small empirical study to answer a particular research question on a topic of their choice (approved by the instructor). Their answer should take the form of an essay not exceeding 3,000 words.

Course outline

The following is a list of topics that we aim to discuss: dynamic models, both structural and reduced-form; nonstationarity and cointegration; simultaneity and endogeneity; discrete choice models; sample selectivity; duration models. We will discuss these with reference to applications in macroeconomics (e.g., the Phillips curve, consumption, economic growth), microeconomics (e.g., returns to schooling, labor market participation) and finance (e.g., tests of rationality and the market efficiency).

No classes: 2/17 (Long-weekend), 3/24, 3/26 (Spring recess).