1. Record Nr. UNINA9910797938203321

Titolo	Dynamic factor models [[electronic resource] /] / edited by Eric Hillebrand, Siem Jan Koopman
Pubbl/distr/stampa	Wagon Lane, Bingley, [England] : , : Emerald Group Publishing Limited, , 2016 ©2016
ISBN	1-78560-352-3
Descrizione fisica	1 online resource (685 p.)
Collana	Advances in econometrics, , 0731-9053 ; ; v. 35
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Disciplina	339
Soggetti	Business & Economics - Economics - Macroeconomics Econometrics Macroeconomics Macroeconomics - Econometric models
Lingua di pubblicazione	Inglese
Formato	Materiale a stampa
Livello bibliografico	Monografia
Note generali	Description based upon print version of record.
Nota di bibliografia	Includes bibliographical references at the end of each chapters.
Nota di contenuto	Front Cover; Dynamic Factor Models; Copyright page; Contents; List of Contributors; Editorial Introduction; Dynamic Factor Models: A Brief Retrospective; Notes; References; Part I: Methodology; An Overview of the Factor-augmented Error-Correction Model; 1. Introduction; 2. Factor-augmented error-correction model; 2.1. Representation of the FECM; 2.2. The FECM Form for Forecasting; 2.3. The FECM Form for Structural Analysis; 3. Data and empirical applications; 4. Forecasting macroeconomic variables; 4.1. Forecasting Results for the Euro Area; 4.2. Forecasting Results for the United States 4.3. Robustness Check to I(1) Idiosyncratic Errors5. Transmission of Monetary Policy Shocks in the FECM; 6. Conclusions; Notes; Acknowledgements; References; Appendix A. Additional Forecasting Results; Estimation of VAR Systems from Mixed-Frequency Data: The Stock and the Flow Case; 1. Introduction; 2. Mixed-Frequency Estimators; 2.1 Extended Yule-Walker Estimators: The Stock Case; 2.2 Extended Yule-Walker Estimators: The General Case; 2.3 Maximum Likelihood Estimation and the EM Algorithm; 3. Projecting the MF

Estimators on the Parameter Space
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Appendix C: Analytical Formulas for Averages of Policy Expectations and for Term Premiums in the CR ModelDynamic Factor Models for the Volatility Surface; 1. Introduction; 2. Volatility Surface Data; 2.1. Constructing the Volatility Surface; 2.2. Summary Statistics and Preliminary Analysis; 3. Models for the Volatility Surface; 3.1. General DFM; 3.2. Restricted Economic DFMs; 3.3. Spline-Based DFMs; 4. Main Results; 5. Robustness and Extensions; 5.1. Alternative Surface Construction; 5.2. Higher-Dimensional Models; 5.3. Alternative Factor Dynamics
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Sommario/riassunto

Dynamic factor models (DFM) constitute an active and growing area of research, both in econometrics, in macroeconomics, and in finance. Many applications lie at the center of policy questions raised by the recent financial crises, such as the connections between yields on government debt, credit risk, inflation, and economic growth. This volume collects a key selection of up-to-date contributions that cover a wide range of issues in the context of dynamic factor modeling, such as specification, estimation, and application of DFMs. Examples include further developments in DFM for mixed-frequency data settings, extensions to time-varying parameters and structural breaks, for multi-level factors associated with subsets of variables, in factor augmented error correction models, and in many other related aspects. A number of contributions propose new estimation procedures for DFM, such as spectral expectation-maximization algorithms and Bayesian approaches. Numerous applications are discussed, including the dating of business cycles, implied volatility surfaces, professional forecaster survey data, and many more.