

Figures for VAR lecture

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Consider simple structural model

y_{1t} = real GDP growth

y_{2t} = inflation

y_{3t} = fed funds rate

y_{4t} = rate of growth of M2

Dependent Variable GDPCH

Quarterly Data From 1960:04 To 2005:03

Usable Observations 180 Degrees of Freedom 159

Variable	Coeff	Std Error	T-Stat			

1. GDPCH{1}	0.154571374	0.080029652	1.93143	11. FEDFUNDS{1}	0.377740375	0.299376791 1.26176
2. GDPCH{2}	0.139042553	0.082112638	1.69331	12. FEDFUNDS{2}	-1.780567064	0.428993330 -4.1505
3. GDPCH{3}	-0.048338034	0.081474446	-0.59329	13. FEDFUNDS{3}	1.692962382	0.442216464 3.82836
4. GDPCH{4}	0.091520238	0.079570671	1.15018	14. FEDFUNDS{4}	-0.991770439	0.454218214 -2.1834
5. GDPCH{5}	-0.059446162	0.072533374	-0.81957	15. FEDFUNDS{5}	0.513088868	0.312227756 1.64332
6. INFLATION{1}	0.176914326	0.219239290	0.80695	16. MGROW{1}	0.137022217	0.093462523 1.46607
7. INFLATION{2}	-0.038988517	0.232929582	-0.16738	17. MGROW{2}	0.006596280	0.102151638 0.06457
8. INFLATION{3}	-0.304134789	0.239768737	-1.26845	18. MGROW{3}	0.137586931	0.097712806 1.40807
9. INFLATION{4}	-0.017278784	0.242452998	-0.07127	19. MGROW{4}	-0.044502847	0.097349916 -0.45714
10. INFLATION{5}	0.059254403	0.227733415	0.26019	20. MGROW{5}	-0.000946096	0.085461169 -0.01107
				21. Constant	2.412232229	0.859954085 2.80507

Covariance\Correlation Matrix of Residuals

	GDPCH	INFLATION	FEDFUNDS	MGROW
GDPCH	7.66208875	-0.1098900	0.1353489	0.0440310
INFLATION	-0.30950104	1.03528613	0.2017432	-0.0668288
FEDFUNDS	0.31489535	0.17253089	0.70643994	-0.4491517
MGROW	0.31708757	-0.17690505	-0.98214807	6.76850198

