Seminar Topics in Econometrics:
Predictive regressions for stock returns

Course description
Testing the predictive power of regressors is often a task in applied econometric work: think of fundamentals supposedly predicting stock returns or of growth regressions. The usual inferential tools (e.g. the usual $t$ statistic) provide however biased inference when the regressor is persistent. The seminar sets to characterize the problem and to discuss the solutions available in the literature. Each participant’s contribution is to present and discuss a specific method from the literature and illustrate its behavior in Monte Carlo experiments. Comparisons of prediction accuracy between different methods and data sets are also of interest. Asymptotic analyses, as well as data and programming work in R are unavoidable, and solid prior knowledge in time series analysis is required.

Prerequisites
- Time Series Analysis/Econometrics

Preliminary readings

Important dates
- Kick-off meeting: Wednesday, April 6th at 6pm, room CDI 120.
- Final choice of topic: May 15th, per email to me.
- Oral presentations (very tentative): end of June.
- Written term paper due September 25th, per email.
Grading

- Oral presentation 30%
- Activity in group meetings 20%
- Written term paper 50%

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Office hours:

- simple questions per email, otherwise on-site or on-line by appointment.