Homework 3: Becoming an empirical macroeconomist
DUE THURSDAY IN SECTION, May 27

This homework asks you to use Eviews to examine some time series. Here is what you need to do:


2. Go to the FRED web site (at the St. Louis Federal Reserve Bank site) and obtain quarterly data for the following series. (Alternatively, you can use the Haver data set which is available through the department computers – this is probably the easiest approach.) If quarterly data is not available, monthly will do. You can ask Eviews to convert to quarterly frequency. For all output series (i.e. GDP, consumption, etc.), use real (i.e. inflation adjusted) data.

   GDP
   Consumption of non-durables
   Consumption of services
   Gross private domestic investment
   Durable goods consumption
   Aggregate Weekly Hours Index: Total Private Industies (this is a monthly series - convert to quarterly by averaging.
   Civilian non-institutional population over age 20 (this is also a monthly series).

3. Measure consumption as the sum of non-durables and services.

4. Measure investment as the sum of durable goods and gross private domestic investment.

5. Express all variables in per-capita terms and take logs -- in the steps below use these series.

6. Plot gdp - identify the recessions.

7. Plot gdp and hours on the same graph.

8. Linearly detrend gdp, consumption, and investment - plot the detrended series on the same graph.

9. Using the detrended series and hours calculate the standard deviations and the correlations of all series with gdp.

10. Repeat 8. and 9. using HP filtered data.

Present your tables and graphs in the form of a SHORT paper (therefore add some commentary to your results). That is, briefly describe some of the features that you see in the data.