

GRADUATE – Disciplines Menu  
Doctorate and Masters in Economics

DISCIPLINE: Macroeconometrics	CODE: MDPEMF011
ACRONYM:	
PROFESSOR: João Victor Issler	WORKLOAD: CREDIT HOURS:
MANDATORY: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	COURSE: <input type="checkbox"/> M <input type="checkbox"/> D <input checked="" type="checkbox"/> MD
PRE-REQUISITES: There are no pre-requisites for this course. Basic notions of econometrics (1 <sup>st</sup> year of Master's/ Doctor's Degrees) is desirable.	
AREA OF CONCENTRATION: Macroeconometrics.	
SUMMARY	
<p><b>OBJECTIVES</b></p> <p>To discuss the empirical macroeconomic literature on testable propositions about consumption behavior. The econometric tests (on identification, cointegration, common cycles, etc.) are applied to a wide range of estimates (GMM, maximum likelihood, instrumental variables, etc.) evaluating whether the empirical behavior of the series of this macroeconomic aggregate is identical to that predicted by theory. Although the focus of the course is on the tests of economic theory, a small revision of the latter is presented before the presentation the results of the respective tests.</p>	
<p><b>BIBLIOGRAPHY</b></p> <p><b>Reference Books<sup>1</sup></b></p> <p>Engle, R.F. e Granger, C.W.J., "Long-Run Economic Relationships: Readings in Cointegration," Oxford University Press (EG).</p> <p>R. Barro: Modern Business Cycles Theory (Barro).</p> <p>O. Blanchard e S. Fischer: Lectures in Macroeconomics (BF).</p> <p>A. Deaton: Understanding Consumption (Deaton).</p> <p>T. Sargent: Dynamic Macroeconomics (SDM).</p> <p>T. Sargent: Macroeconomic Theory (SMT).</p> <p>N. Stokey e R. Lucas: Recursive Methods in Economic Dynamics (SL).</p>	

D. Romer, Advanced Macroeconomics (Romer).  
J.H. Cochrane, Asset Pricing (Cochrane).  
L. Ljungqvist e T. Sargent, Recursive Macroeconomic Theory (LS).

<sup>1</sup> Indicates mandatory reading for papers or book chapters.

## Other References

### 1. Introduction to Cointegration and Common Cycles

[1] \*Beveridge, S. e C.R. Nelson (1981), "A New Approach to Decomposition of Economic Time Series into Permanent and Transitory Components with Particular Attention to Measurement of Business Cycles", *Journal of Monetary Economics*, 7, pp. 151-174.

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[8] Stock, J. e Watson, M. (1988), "Testing for Common Trends," *Journal of the American Statistical Association*, 83, pp. 1097-1109, EG cap. 8.

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[16] Gonzalo, J. e Lee, T.-W. (1998), "Pitfalls in Testing for Long-Run Relationships," *Journal of Econometrics*, vol. 86, pp. 129-154.

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## **2. Consumption**

### **2.1. Survey**

[1] \*BF caps. 6.1-6.2.4.

[2] \*R. Hall, "Consumption," in Barro, cap. 4.

[3] \*Romer, cap. 7.

[4] \*A. Abel, "Consumption and Investment", in B. Friedman e F. Hahn, eds. *Handbook of Monetary Economics, Volume 2*. Oxford: North-Holland, pp. 725-78, 1990.

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### **2.2. Theory, Excess Sensitivity and Softness**

[1] \*SMT cap. 12.

[2] \*A. Deaton, caps. 1, 3 e 4.

[3] \*R. Hall, "Stochastic Implications of the Life Cycle Permanent Income Hypothesis: Theory and Evidence," *Journal of Political Economy*, 1978.

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### 2.3. Durable Goods

[1] \*G. Mankiw, "Hall's Consumption Hypothesis and Durable Goods," *Journal of Monetary Economics*, 10, 417-25, 1981.

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#### **2.4. Precautionary Saving and Liquidity Constraints**

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[2] \*A. Deaton, "Saving and Liquidity Constraints", *Econometrica*, vol. 59, 1991.

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## 2.5. Wealth Effect, Interest Rate and Asset Pricing

[1] \*R. Barro, "Are Government Bonds Net Wealth?" *Journal of Political Economy*, 1974.



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## 2.6. Empirical Evidence with Panel Data

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