

Group Project

Due date: 10/11/2016

From the given data set ARIMAX_data.dta and ARIMAX.do:

1. Run do-file to estimate and forecast using (i) x as exogenous variable and (ii) z as exogenous variable using lag of 3, 4, 5.
2. Perform time-rolling using 100 observations for estimation period to estimate ARIMAX(1,d,1) model using (i) x_{t-3} and (ii) z_{t-3} as exogenous variable and perform one-period ahead forecast (using 1-100 to forecast 101, then 2-101 forecast 102, ..., 20-119 forecast 120), then, using RMSE to determine whether model with x_{t-3} or z_{t-3} provide more accurate forecast.