Assignment 6

Due: 27/10/2020

From the data set `Assignment 5-8.dta`:

Requirements:

1. Estimate Autoregressive Integrated Moving Average (ARIMA(p,d,q)) model for spot return (*rspot*) and future return (*rfuture*) – determine the most appropriated order for p, d, and q using SBIC given the maximum lag equals 5.
2. Perform in-sample (both static and dynamic) forecast of the two series (sport return (*rspot*) and future return (*rfuture*), then, compute RMSE of each forecast.
3. Perform out-sample three-period ahead (dynamic) forecast of the two series (sport return (*rspot*) and future return (*rfuture*).

By Tatre Jantarakolica