Assignment 4

Due: 13/11/2018

From the data set assign04.dta:

Requirements:

1. Test whether the series spot and future are stationary series.
2. Determine order of integration of the series spot and future.
3. Generate series of the return of spot (*rspot*) and return of future (*rfuture*) and test whether they are stationary.
4. 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.