
Read PDF A Dynamic Factor Model Of The Yield Curve As A Predictor

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1TJ9K3 - AGUILAR LOZANO

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A Dynamic Factor Model Of

Stata's dfactor estimates the parameters of dynamic-factor models by maximum

likelihood. Dynamic-factor models are flexible models for multivariate time series in which the observed endogenous variables are linear functions of exogenous covariates and unobserved factors, which have a vector autoregressive structure.

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In econometrics, a dynamic factor (also known as a diffusion index) is a series which measures the co-movement of many time series.

Dynamic factor - Wikipedia

The premise of a dynamic factor model is that a few latent dynamic factors, f_t , drive the comovements of a high-dimensional vector of time-series variables, X_t , which is also affected by a vector of mean-zero idiosyncratic disturbances, ϵ_t .

Dynamic Factor Models - Princeton University

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A multi-dynamic-factor model for stock returns

This is called an exact dynamic factor model. It is exact because of the first of the three assumptions just listed. It is exact because of the first of the three assumptions just listed { all covariance among variables is due to the factors.

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These dynamic factor models have become extremely popular due to their ability to model business cycles, and perform both forecasting and nowcasting (predicting the current state of the economy). Although EViews has built-in factor analysis, we do not (yet!) have dynamic factor models included.

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Factor models can cope with many variables without running into scarce degrees of freedom problems often faced in a regression-based analysis. In this article we

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A Dynamic Factor Model of the Yield Curve as a Predictor ...

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Forecasting GDP with a Dynamic Fac-

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dynamic factor model. The difference between our multilevel and a two level model is best understood. The difference between our multilevel and a two level model is best understood when there is a single factor at each level.

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In the dynamic factor model we have $x_t = (L)f_t + \tilde{\epsilon}_t$; (2) where the factors f_t are a q -dimensional vector with $q < n$ and have effect on x_t through their lags too. They are called dynamic factors. The matrices L or (L) are called loadings matrices (or filters in the dynamic case) and are of size

Matteo Barigozzi

We consider three general factor model specifications used in applied work. The first is a single-factor model, the second a two-level factor model, and the third a three-level factor model. Our estimation procedures are the Bayesian approach of Otrok and Whiteman (1998), the Bayesian

Specification and Estimation of Bayesian Dynamic Factor ...

1 Introduction Dynamic factor models of high dimension are increasingly used in data rich environments. This is particularly the case in economics and finance where common

Identification and Estimation of Dynamic Factor Models

restrictions on factor loadings are discussed and practical computational methods suggested. Empirical analysis using U.S. data suggest several (7) dynamic factors, rejection of the exact dynamic factor model but support for an approximate factor model, and sensible results for a SVAR that identifies money policy shocks using timing restrictions.

IMPLICATIONS OF DYNAMIC FACTOR MODELS FOR VAR ANALYSIS

3 Univariate and Multivariate Nonlinear Single-Factor Models of the Yield Curve. We first specify univariate Markov switching models for each of the components of the yield curve, and a multivariate unobserved dynamic factor model of the yield curve that summarizes the information content of its level, curvature, and slope into a single factor.

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4 For that, we use the dynamic factor model (DFM) proposed by Doz et al. (2012) based on the quasi maximum likelihood method that allows summarizing efficiently the six uncertainty proxies in an ...

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