

Homework 4

Due: November 7, 2018

Note: 1. Work alone. 2. Submit solutions of the home assignment to the TA. Only hard-copies are allowed.

Perform the following for the KOSPI200 index with the sampling period 2004:01-2018:08 (on the basis of monthly, closing prices).

1. Find an appropriate ARMA model by using BIC.
2. Test the null hypothesis of a unit root using the Dickey-Fuller test.