

References

- Anderson, B.D.O. and J.B. Moore (2005), *Optimal Filtering*, Dover Publishing.
- Anderson, T.W. (1971), *Time Series Analysis*, New York: Wiley.
- Andrews, D.W.K. (1991), "Heteroskedasticity and Autocorrelation Robust Consistent Covariance Matrix Estimation," *Econometrica*, 59, 817-858.
- Andrews, D.W.K. (1993), "Tests for Parameter Instability and Structural Change with Unknown Change Point," *Econometrica*, 61, 821-856.
- Andrews, D.W.K. (2003), "Tests for Parameter Instability and Structural Change with Unknown Change Point: A Corrigendum," *Econometrica*, 71(1): 395-397.
- Andrews, D.W.K. and J.C. Monahan (1992), "An Improved Heteroskedasticity and Autocorrelation Consistent Covariance Matrix Estimator," *Econometrica*, 60, 953-966.
- Andrews, D.W.K. and W. Ploberger (1994), "Optimal Tests When a Nuisance Parameter is Present Only Under the Alternative," *Econometrica*, 62, 1383-1414.
- Bai, J. (1997), "Estimation of a Change Point in Multiple Regressions," *Review of Economics and Statistics*, 79(4), 551-563.
- Bai, J., R.L. Lumsdaine, and J.H. Stock (1998), "Test for and Dating Common Breaks in Multivariate Time Series," *Review of Economic Studies*, 65, 395-432.
- Bai, J. and P. Perron (1998), "Testing for and Estimation of Multiple Structural Changes," *Econometrica*, 47-78.
- Bates, J.M. and C.W.J. Granger (1969), "The Combination of Forecasts," *Operations Research Quarterly*, 20, 451-468.
- Baxter, M.B. and King, R.G. (1999), "Measuring Business Cycles: Approximate Band-Pass Filters for Economic Time Series," *Review-of-Economics-and-Statistics* 81(4): 575-93.
- Berk, K.N. (1974), "Consistent Autoregressive Spectral Estimates," *Annals of Statistics*, 2, 489-502.
- Bhansali, R.J. (1999), "Parameter Estimation and Model Selection for Multistep Prediction of a Time Series: A Review," in: S. Ghosh (Ed.), *Asymptotics, Nonparametrics, and Time Series*, Marcel Dekker, 201 – 225.
- Brockwell and Davis (1991), *Time Series: Theory and Methods*, 2nd Edition, New York: Springer-Verlag.
- Carter, C.K. and R. Kohn (1994), "On Gibbs Sampling for State Space Models," *Biometrika*, 81, 541-553.
- Cassella, G. and E.I. George (1992), "Explaining the Gibbs Sampler," *The American Statistician*, 26, 167-174.
- Cecchetti, S.G., P. Hooper, B.C. Kasman, K.L. Schoenholtz and M. W. Watson (2007), "Understanding the Evolving Inflation Process," U.S Monetary Policy Forum Report for 2007.
- Chib, S. (2001), "Markov Chain Monte Carlo Methods: Computation and Inference," in (J.J. Heckman and E. Leamer, eds.) *Handbook of Economics Vol. 5*, Elsevier.
- Chib, S. and E. Greenberg (1995), "Understanding the Metropolis-Hastings Algorithm," *American Statistician*, 49(4), 327-335.
- Chib, C., N. Nardari, and N. Shephard (2002), "Markov Chain Monte Carlo Methods for Stochastic Volatility Models," *Journal of Econometrics*, 108, 281-316.

- Chow, Gregory, "Tests of Equality Between Sets of Coefficients in Two Linear Regressions," *Econometrica*, 28(3), July 1960:591 – 605.
- Christiano, L. and T. Fitzgerald (2003), "The Band-Pass Filter," *International Economic Review*, 44, 435-465.
- Christoffersen, P.F. (1998), "Evaluating Interval Forecasts," *International Economic Review*, 39(4), 841-862.
- Christoffersen, P.F. and F.X. Diebold (1997), "Optimal Prediction under Asymmetric Loss," *Econometric Theory*, 13(6), 808-817.
- Clark, T. and M. McCracken (2001), "Tests of Equal Forecast Accuracy and Encompassing for Nested Models," *Journal of Econometrics*, 105, 85-110.
- Clark, T. and K. West (2006), "Using Out-of-Sample Mean Squared Prediction Errors to Test the Martingale Difference Hypothesis," *Journal of Econometrics* 135(1-2), 155-186.
- Clark, T. and K. West (2007), "Approximately Normal Tests for Equal Predictive Accuracy in Nested Models," *Journal of Econometrics*, 138(1), 291-311.
- Clements, M.P. and D.F. Hendry (1999). *Forecasting Non-stationary Economic Time Series*. Cambridge, Mass.: MIT Press.
- Cogley, T. and T.J. Sargent (2005), "Drifts and Volatilities: Monetary Policy and Outcomes in the Post WWII U.S.," *Review of Economic Dynamics*, 8, 262-302.
- Cooley, T. and E. Prescott (1976), "Estimation in the Presence of Stochastic Parameter Variation," *Econometrica*, Vol. 44, No. 1, pp. 167-184.
- Cooley, T. and E. Prescott (1973a), "Tests of An Adaptive Regression Model," with E. C. Prescott, *Review of Economics and Statistics*, Vol. LV, No. 2, pp. 248-256.
- Cooley, T. and E. Prescott (1973b), "An Adaptive Regression Model," with E.C. Prescott, *International Economic Review*, Vol. 14, No. 2, pp. 364-371.
- Cox, D.R. (1961), "Prediction by Exponentially Weighted Moving Averages and Related Methods," *JRSS*, B23, 414-422.
- Davidson, J. (1994), *Stochastic Limit Theory*, Oxford: Oxford University Press.
- Davidson, J., and P. Sibbertsen (2005), "Generating Schemes for Long Memory Processes: Regimes, Aggregation and Linearity," *Journal of Econometrics*, 128, 253-282.
- Diebold, F.X., T.A. Gunther, and A.S. Tay (1998), "Evaluating Density Forecasts with Applications to Financial Risk Management," *International Economic Review*, 39(4), 863-883.
- Diebold, F. X., and A. Inoue (2001), "Long Memory and Regime Switching," *Journal of Econometrics*, 105, 131-159.
- Diebold, F.X. and R.S. Mariano (1995), "Comparing Predictive Accuracy," *Journal of Business and Economic Statistics*, 13, 253-263.
- de Jong, P. and N. Shephard (1995), "The Simulation Smoother for Time Series Models," *Biometrika*, 82(2), 339-350.
- den Haan, W.J. and A.T. Levin (1997), "A Practitioner's Guide to Robust Covariance Matrix Estimation," in Maddala, G.S. and C.R. Rao (eds), *Handbook of Statistics*, Vol. 15, Elsevier, Amsterdam, 309-327.
- Elliott, G., I. Komunjer, and A. Timmermann (2005), "Estimation and Testing of Forecast Rationality under Flexible Loss," *Review of Economic Studies*, 72, 1107-1125.

- Elliott, G. and U.K. Müller (2006), "Efficient Tests for General Persistent Time Variation in Regression Coefficients," *Review of Economic Studies*, 73, 907-940.
- Engel, C. and K.D. West (2005), "Exchange Rates and Fundamentals," (with Charles Engel), *Journal of Political Economy* 113(2), 485-517.
- Fernandez-Villaverde, J. and J.F. Rubio-Ramirez (2007), "Estimating Macroeconomic Models: A Likelihood Approach," *Review of Economic Studies*, 74, pp 1059-1087.
- Findley, D. F., B. C. Monsell, W. R. Bell, M. C. Otto and B. C. Chen (1998). "New Capabilities and Methods of the X-12-ARIMA Seasonal Adjustment Program." *Journal of Business and Economic Statistics* 16: 127-177.
- Fuller, W.A. (1976), *Introduction to Statistical Time Series*, New York: Wiley.
- Giacomini, R. and H. White (2006), "Tests of Conditional Predictive Ability," *Econometrica*, 74(6), 1545-1578
- Geweke, J. (1978). "The Revision of Seasonally Adjusted Time Series." *Proceedings of the Business and Economics Statistics Section, American Statistical Association*: 320-325.
- Geweke, John (2005), *Contemporary Bayesian Econometrics and Statistics*, New York: Wiley
- Gordon, Robert J. (1998). Foundations of the Goldilocks Economy: Supply Shocks and the Time-Varying NAIRU," *Brookings Papers on Economic Activity* 1998:2, 297-333.
- Granger, C.W.J., (1969), "Prediction with a Generalized Cost Function," *Operations Research Quarterly*, 20, 199-207.
- Granger, C.W. J and R. Ramanathan (1984), "Improved Methods of Combining Forecasts," *Journal of Forecasting*, 3, 197-204.
- Hall, P. and C. Heyde (1980), *Martingale Limit Theory and Its Application (Probability and Mathematical Statistics*, Academic Press.
- Hamilton, James D. (1989), "A New Approach to the Economic Analysis of Nonstationary Time Series and the Business Cycle," *Econometrica*, 57, March 1989, pp. 357-384.
- Hamilton, James D. (1994), *Time Series Analysis*, Princeton: Princeton University Press
- Hamilton, James D. (1994), "State-Space Models," in *Handbook of Econometrics*, Volume 4, pp. 3039-3080, edited by R. Engle and D. McFadden, Amsterdam: North Holland.
- Hansen, B. (1992), "The likelihood ratio test under non-standard conditions: Testing the Markov switching model of GNP," *Journal of Applied Econometrics*, 7, S61-S82.
- Hansen, B. (2001), "The New Econometrics of Structural Change: Dating Breaks in U.S. Labor Productivity," *Journal of Economic Perspectives*, Vol. 15, No. 4 (Fall).
- Hansen, B. (2000), "Testing for Structural Change in Conditional Models," *Journal of Econometrics*, 97, 93-115.
- Hansen, C. (2007), "Asymptotic Properties of a Robust Variance Matrix Estimator for Panel Data when T is Large" *Journal of Econometrics*, December.
- Hansen, P.R. (2005), "A Test of Superior Predictive Ability," *Journal of Business and Economic Statistics*, Vol. 23, pp. 365-380
- Harvey, A.C. (1989), *Forecasting, Structural Time Series Models and the Kalman Filter*, Cambridge University Press.

- Harvey, A.C., E. Ruiz and N. Shephard (1994), "Multivariate Stochastic Variance Models," *Review of Economic Studies*, 61, 247-264.
- Hayashi, F. (2000), *Econometrics*. Princeton: Princeton University Press.
- Jansson, M. (2004), "The Error in Rejection Probability of Simple Autocorrelation Robust Tests," *Econometrica*, 72, 937-946.
- Kiefer, N. and T.J. Vogelsang (2002), "'Heteroskedasticity-Autocorrelation Robust Standard Errors Using the Bartlett Kernel Without Truncation," *Econometrica*, 70, 2093-2095, 2002
- Kiefer, N. and T.J. Vogelsang (2005), "A New Asymptotic Theory for Heteroskedasticity-Autocorrelation Robust Tests," *Econometric Theory*, 121, 110-1164.
- Kiefer, N., T.J. Vogelsang, and H. Bunzel (2000), "Simple Robust Testing of Regression Hypotheses," *Econometrica*, 69, 695-714.
- Kim, S., N. Shephard and S. Chib (1998), "Stochastic Volatility: Likelihood Inference and Comparison with ARCH Models," *Review of Economic Studies*, 65, 361-393.
- Koop, Gary (2003), *Bayesian Econometrics*, Wiley
- King, M.L. (1980), "Robust Tests for Spherical Symmetry and Their Application to Least Squares Regression," *The Annals of Statistics*, Vol. 8, No. 6, 1265-1271.
- Kitagawa, G. (1987), "Non-Gaussian State-Space Modeling of Nonstationary Time Series," *Journal of the American Statistical Association*, 82(4) , 1032 -1041.
- Li, Hong (2008), "Estimation and Testing of Euler Equation Models with Time-varying Reduced-form Coefficients", *Journal of Econometrics* 142, 425-448
- Li, H. and U.K. Müller (2008), "Valid Inference in Partially Unstable GMM Models," *Review of Economic Studies*, forthcoming.
- Mankiw, N. G., D.E. Runkle, and M. Shapiro (1984), "Are Preliminary Announcements of the Money Stock Rational Forecasts?" *Journal of Monetary Economics* 14, 15-27.
- McCracken, M. (2000), "Robust Out of Sample Inference," *Journal of Econometrics*, 99, 195-223.
- McLachlan, G. and T. Krishnan (2008), *The EM Algorithm and Extensions*, 2nd Edition, Wiley.
- Mincer, J. and V. Zarnowitz (1969), "The Evaluation of Economic Forecasts," in J. Mincer (ed.), "Economic Forecasts and Expectations", NBER, New York.
- Müller, Ulrich (2007), "A Theory of Robust Long-Run Variance Estimation," *Journal of Econometrics*, 141, 1331-1352.
- Müller, U.K. and P.E. Petalas (2008), "Efficient Estimation of the Parameter Path in Unstable Time Series Models," manuscript, Princeton University.
- Müller, Ulrich and Mark W. Watson (2008), "Testing Models of Low-Frequency Variability," *Econometrica*, 76, 5, 979-1016.
- Newey, W. K. and West, K.D., (1987), "A Simple, Positive Semi-Definite, Heteroskedasticity and Autocorrelation Consistent Covariance Matrix," *Econometrica*, 55, 703-708.
- Newey, W.K. and K.D. West (1994), "Automatic Lag Selection in Covariance Matrix Estimation," *The Review of Economic Studies*, 61(4), 631-653.
- Nerlove, M., D. Grether, and J.L. Carvalho (1995), *Analysis of Economic Time Series, Revised Edition: A Synthesis*, Academic Press.
- Ng, S. and P. Perron (2001), "Lag Length Selection and the Construction of Unit Root Tests with Good Size and Power," *Econometrica*, 69(6), 1519-1554.

- Nyblom, J. (1989), "Testing for the Constancy of Parameters Over Time," *Journal of the American Statistical Association*, 84, 223-30.
- Pesaran, H., D. Pettenuzzo, and A. Timmerman (2006), "Forecasting Time Series Subject to Multiple Structural Breaks." *Review of Economic Studies*, 73(1), 1057-1084.
- Pitt, M.K. and N. Shephard (1999), "Filtering via Simulation: Auxiliary Particle Filters," *Journal of the American Statistical Association*, 94(446), 590-599.
- Priestly, M.B. (1981), *Spectral Analysis and Time Series*, London: Academic Press.
- Primiceri, G. (2005), "Time Varying Structural VAR Autoregressions and Monetary Policy," *Review of Economic Studies*, 72, 821-852.
- Rossi, Barbara (2005), "Confidence intervals for half-life deviations from Purchasing Power Parity," *Journal of Business and Economic Statistics* 23(4), 432-442.
- Qu, Z. and P. Perron (2007), "Estimating and Testing Structural Changes in Multivariate Regressions," *Econometrica*, 75(2), 459-502.
- Quandt, Richard, "Tests of the Hypothesis that a Linear Regression System Obeys Two Separate Regimes," *Journal of the American Statistical Association*, 55(290), June 1960:324 – 330.
- Richardson, M. and J.H. Stock (1989), "Drawing Inferences from Statistics Based on Multi-Year Asset Returns," *Journal of Financial Economics* 25, 323-348.
- Rossi, B. (2005), "Optimal Tests for Nested Model Selection with Underlying Parameter Instability", *Econometric Theory* 21(5), 962-990.
- Rossi, B. (2005), "Testing Long-Horizon Predictive Ability with High Persistence, and the Meese-Rogoff Puzzle", *International Economic Review* 46(1), 61-92.
- Ruud, P. (1991), "Extensions of Estimation Methods Using the EM Algorithm," *Journal of Econometrics*, 49 , 305–341.
- Sargan, J.D. and A. Bhargava (1983), "Maximum Likelihood Estimation of Regression Models with First-Order Moving Average Errors Whne the Root Lies on the Unit Circle," *Econometrica*, 51, 799-820.
- Sargent, T.J. (1979), *Macroeconomic Theory*, New York : Academic Press.
- Schorfheide, F. (2005), "VAR Forecasting Under Misspecification," *Journal of Econometrics*, 128, 99-136.
- Sims, C.A. and T. Zha (2006), "Were There Regime Switches in US Monetary Policy?" *American Economic Review*, 96(1), 54-81.
- Shephard, N.H. (1993), "Distribution of the ML Estimator of an MA(1) model and a Local Level Model," *Econometric Theory*, 9, 377-401.
- Shephard, N.H. and A.C. Harvey (1990), "On the Probability of Estimating a Deterministic Component in the Local Level Model," *Journal of Time Series Analysis*, 9, 81-88.
- Staiger, D., J.H. Stock and M.W. Watson (2006), "How Precise are Estimates of the Natural Rate of Unemployment" in C. Romer and D. Romer (eds.), *Reducing Inflation: Motivation and Strategy*, University of Chicago Press.
- Stock, J.H. (1994), "Unit Roots, Structural Breaks and Trends," in *Handbook of Econometrics*, ed. by R. F. Engle and D. McFadden, Vol. 4 (Amsterdam: New York: North-Holland).

- Stock, James H., and Mark W. Watson (1996), "Evidence on Structural Instability in Macroeconomic Time Series Relations," *Journal of Business and Economic Statistics*, Vol. 14, No. 1 (January), pp. 11–30.
- Stock, James H., and Mark W. Watson (1998), Asymptotically Median Unbiased Estimation of Coefficient Variance in a Time Varying Parameter Model, *Journal of the American Statistical Association*, Vol. 93, No. 441, March 1998, pp. 349-358.
- Stock, James H., and Mark W. 2003, "Has the Business Cycle Changed and Why?" in *NBER Macro Annual 2003*, ed. by Mark Gertler and Kenneth Rogoff (Cambridge, Massachusetts: MIT Press).
- Stock, James H., and Mark W. 2006, *Introduction to Econometrics*, 2nd Edition, Addison-Wesley.
- Stock, James H. and Mark W. Watson (2007), "Has Inflation Become Harder to Forecast?" *Journal of Money, Credit and Banking*, 2007, Vol. 39, Number 1, pp. 3-34; Erratum, *Journal of Money, Credit and Banking*, 2007, Vol. 39, Number 7, pp. 1849.
- Sun Y., P.C.B. Phillips and S. Jin (2008), "Optimal Bandwidth Selection in Heteroskedasticity-Autocorrelation Robust Testing," *Econometrica*, 76(1) 175-194.
- Timmermann, A. (2006), "Forecast Combinations," in G. Elliott, C.W.J. Granger, and A. Timmerman (eds), *Handbook of Economic Forecasting*, Vol. 1, Elsevier.
- Uhlig, H. (1997), "Bayesian Vector Autoregressions with Stochastic Volatility," *Econometrica*, 65(1), 59-73.
- Wallis, K. F. (1974), "Seasonal Adjustment and Relations Between Variables," *Journal of the American Statistical Association*, 69, 18-32.
- Watson, Mark W. (2007), "How Accurate are Real-Time Estimates of Output Trends and Gaps?" Federal Reserve Bank of Richmond *Economic Quarterly*, Spring.
- West, K.D. (1996), "Asymptotic Inference About Predictive Ability," *Econometrica*, 64, 1067-1084.
- West, K.D. (2006), "Forecast Evaluation," 100-134 in *Handbook of Economic Forecasting*, Vol. 1, G. Elliott, C. Granger and A. Timmerman (eds), Amsterdam: Elsevier.
- White, H. (2000), "A Reality Check for Data Snooping," *Econometrica*, 68, 1097-1126.
- White, H. (2001), *Asymptotic Theory For Econometricians*, Academic Press.
- Young, A. H. (1968), "Linear Approximations to the Census and BLS Seasonal Adjustment Methods," *Journal of the American Statistical Association*, 63, 445-471.