Frau Julia Schaumburg (Vrije Universiteit Amsterdam) spricht zu dem Thema "Vector autoregressions with dynamic factor coefficients and conditionally heteroskedastic errors (joint work with Paolo Gorgi and Siem Jan Koopman)".

Termin: **Dienstag, 30. Januar 2024**
Zeit: **16:00 – 17:30 Uhr**
Ort: **Hauptgebäude, Hörsaal XIb**

Abstract: We introduce a new and general methodology for analyzing vector autoregressive (VAR) models with time-varying coefficient matrices and conditionally heteroskedastic disturbances. The proposed approach is transparent and simple to implement. Our model allows us to derive well-defined impulse response functions that rely on the overall stability of the system. Besides illustrating the good finite sample properties of the model in a simulation study, we provide an empirical illustration analyzing possibly time-varying relationships between U.S. industrial production, inflation, and bond spread. We empirically identify a time-varying linkage between economic and financial variables which are effectively described by a common dynamic factor. The impulse response analysis points towards substantial differences in the effects of financial shocks on output and inflation during crisis and non-crisis periods. The results also illustrate how fixing the VAR coefficients in the derivation of the impulse responses leads to a sizable underestimation of the impact of a financial shock on output and inflation during some of the crises in our sample.