

Examination guidelines for ECON4165

The structure and requirements for the exam is well explained in the documents uploaded to Canvas. The examiner should familiarise her/himself with these.

The teaching of econ4165 has been distinctively applied, meaning the course has spent comparatively little time with proofs, algebraic derivations, etc. This focus should be transferred to the exam, where the goal is for the student to show they are able to handle actual econometrics. This means understanding the model and its results in the context of the problem they are trying to answer.

As explained in the exam explanation on Canvas the student should use two models (more specifically, models from two different model-classes, e.g. an ARIMA-type model, and a VAR model). They do not have to show in knowledge of any other models than the two model-classes. They should be able to explain the models in a clear and concise way in the methodology-chapter. If only one model is used, grading of all chapters which should have included discussion of both models (basically, all chapters except introduction) should be halved.

Other key topics which (almost all of the) the students will have to deal with is stationarity, structural breaks and seasonality. They ought not to explain these as concepts in the methodological chapter, but all students will have to test their time series for stationarity, and handle seasonality if there are indications that such patterns are present.

The goal of the paper should be to either forecast a time series or examine the relationship between two or more variables. It is important that the paper is clear on what has been chosen and is structured and written in an appropriate way. When it comes to hypothesis testing regarding the relationship between several variables, the students should be able to contextualise the results, and explain why the relationship might be of interest. In addition, it is important that the paper is able to distinguish purely statistical significance and economic significance.

For the forecasting papers, it is important that the student show that they know the difference between many one-step ahead-forecasts and a many-step ahead forecast, where the latter is seldom relevant. In addition, if exogenous variables are used to forecast, the student should not use $t+0$ lags, out-of-sample, unless the reason for which is very well substantiated.