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Modelling Non-Stationary Time Series:

A Multivariate Approach

Simon P. Burke and John Hunter

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Preface

This book deals with an analysis of non-stationary time series that has been very influential in applied research in econometrics, economics and finance. The notion that series are non-stationary alters the way in which series are grouped and may even prove to be relevant to some aspects of regulation and competition policy when the definition of market becomes an economic issue. The later might also apply to any discussion of the nature of globalized financial markets. In terms of econometric and statistical theory an enormous literature has grown up to handle the behaviour of the different forms of persistence and non-stationary behaviour that economic and financial data might exhibit. This is emphasized by the Nobel Prize that has been presented to Clive Granger and Robert Engle in relation to their extension of our understanding of the way in which non-stationary series behave. However, the requirement to analyze non-stationary behaviour has spawned a wide range of approaches that relate to and interrelate with the notion that series are non-stationary and/or cointegrated.

It has been our privilege to in some part be involved in these developments and to have learned much from our colleagues and teachers alike. We must acknowledge our debt of gratitude to those who taught us and supervised us over the years. We would also like to thank participants at various Econometrics Society Conferences, EC², Econometrics Study Group Conferences held at the Burwells campus of Bristol University and participants in the Econometrics workshop for their incites, comments and stimulating research. Dr. Lindsey Anne Gillan also provided us with some guidance through the potential minefield that is academic publishing. However, all errors are our own.

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