UNIVERSITY OF NORTH CAROLINA
Department of Economics

Economics 275 | Dr. Gallant
Homework 8 | Fall 2000
Due December 4, 2000

Weekly observations on the German mark to US dollar exchange rate from 1975 to 1990 are available by anonymous ftp from ftp.econ.duke.edu in directory pub/arg/data as file dmadj.dat or by clicking "Browse ftp site" on the course web page. Similarly, the SNP nonparametric time series package is in directory pub/arg/snp either a PC executable or as Fortran source code set up for use on a Unix box.

Following the protocol set forth in the SNP User's Guide, obtain an SNP fit to these data and turn in

1. A printout of the parmfile for your preferred fit.
2. A plot of the one-step-ahead conditional density conditional on the last observation in the data and sufficient lags.
3. A plot of the conditional variance at each data point.

What might be more fun is to go the the Yahoo! web site and get daily closing prices for Amazon.com and fit to the log differenced series aka the continuously compounded returns series. You can use the Amazon data instead, if you wish.