

Computational Econometrics

GAUSS Programming for Econometricians and Financial Analysts

K.-P. Lin, ETEXT Textbook Publisher, Los Angeles: 2001

ISBN 0-9705314-3-5

Errata

<u>Page</u>	<u>Line</u>	<u>Correction</u>
-------------	-------------	-------------------

1-25	Chap.2	Revise to reflect changes in GAUSS 6.0
------	--------	--

98	17	$\frac{N}{\sqrt{2\pi\sigma^2}} \exp\left[\frac{\varepsilon(X,\beta)' \varepsilon(X,\beta)}{2\sigma^2}\right]$ should read as: $\left(\frac{1}{\sqrt{2\pi\sigma^2}}\right)^N \exp\left[\frac{\varepsilon(X,\beta)' \varepsilon(X,\beta)}{2\sigma^2}\right]$
----	----	--

101	1-	$\text{Var}(\mathbf{b}) = \mathbf{S}^2 \left[\frac{1}{2} \mathbf{E} \left(\frac{\partial^2 \mathbf{S}(\mathbf{b})}{\partial \beta \partial \beta'} \right) \right]^{-1} = \mathbf{S}^2 \left[(\partial \varepsilon / \partial \beta)' (\partial \varepsilon / \partial \beta) \right]^{-1}$ should read as: $\text{Var}(\mathbf{b}) = s^2 \left[\frac{1}{2} \mathbf{E} \left(\frac{\partial^2 \mathbf{S}(\mathbf{b})}{\partial \beta \partial \beta'} \right) \right]^{-1} = s^2 \left[(\partial \varepsilon / \partial \beta)' (\partial \varepsilon / \partial \beta) \right]^{-1}$
-----	----	---

104	8	$\text{Var}(\mathbf{b}) = \left[-\mathbf{E} \left(\frac{\partial^2 U^*(\mathbf{b})}{\partial \beta \partial \beta'} \right) \right]^{-1} = \mathbf{S}^2 * \left[(\partial \varepsilon^* / \partial \beta)' (\partial \varepsilon^* / \partial \beta) \right]^{-1}$ should read as: $\text{Var}(\mathbf{b}) = \left[-\mathbf{E} \left(\frac{\partial^2 U^*(\mathbf{b})}{\partial \beta \partial \beta'} \right) \right]^{-1} = s^2 * \left[(\partial \varepsilon^* / \partial \beta)' (\partial \varepsilon^* / \partial \beta) \right]^{-1}$
-----	---	--

110	11	$= \mathbf{S}^2 \left[\frac{1}{2} \mathbf{E} (\partial^2 \mathbf{S}(\mathbf{b}) / \partial \beta' \partial \beta) \right]^{-1}$ should read as: $= s^2 \left[\frac{1}{2} \mathbf{E} (\partial^2 \mathbf{S}(\mathbf{b}) / \partial \beta' \partial \beta) \right]^{-1}$
-----	----	--

123	3	$f_i = \frac{\partial F(X_i, \beta)}{\partial (X_i, \beta)} = \frac{\exp(-X_i, \beta)}{1 + \exp(-X_i, \beta)} = F_i (1 - F_i),$ should read as: $f_i = \frac{\partial F(X_i, \beta)}{\partial (X_i, \beta)} = \frac{\exp(-X_i, \beta)}{[1 + \exp(-X_i, \beta)]^2} = F_i (1 - F_i)$
-----	---	--

160	6-	$\varepsilon = 0.62 \varepsilon_{-1} - 0.67 v_{-1}$ should read as: $\varepsilon = 0.62 \varepsilon_{-1} + 0.67 v_{-1}$
-----	----	---

216	1	If the unit root is not found in the Model III, ... should read as: If the trend is not found in the Model III, ...
-----	---	--

216	4	And finally, if the unit root is not found ... should read as: And finally, if the drift is not found ...
-----	---	--

239	12	$\Delta P_t = \beta_0 + \beta_1 (\Delta M_t - \Delta Y_t) + \varepsilon_t$ should read as: $\Delta P_t = \beta_0 + \beta_1 (\Delta M_{t-1} - \Delta Y_{t-1}) + \varepsilon_t$
-----	----	---

- 251 3- $Y_{it} = (X_{it}\beta_{it} + u_i) + e_{it}$ should read as:
 $Y_{it} = (X_{it}\beta + u_i) + e_{it}$
- 252 9 The paragraph:
 Define $D = [D_1, D_2, \dots, D_{N-1}]$ with the element $D_i = [D_{i1}, D_{i2}, \dots, D_{iT}]'$ and
 $D_{it} = \begin{cases} 1 & \text{if } (i-1) \times T + 1 \leq i \times T \leq i \times T \\ 0 & \text{otherwise} \end{cases}$
 Should read as:
 For each i , define $NT \times 1$ vector D_i with the element:
 $D_{it} = \begin{cases} 1 & \text{if } (i-1) \times T + 1 \leq i \times T \leq i \times T \\ 0 & \text{otherwise} \end{cases}$
 Then $D = [D_1, D_2, \dots, D_{N-1}]$ is $NT \times (N-1)$ matrix of $N-1$ dummy variables. Mathematically, D is the first $N-1$ columns of the matrix $\mathbf{I} \otimes \mathbf{1}$ where \mathbf{I} is $N \times N$ identity matrix and $\mathbf{1}$ is $T \times 1$ column vector of ones.
- 253 3- The equation:
 $\ln(C_{it}) = \alpha_i + \beta_1 \ln(Q_{it}) + \beta_2 \ln(PF_{it}) + \beta_3 \ln(LF_{it}) + \varepsilon_{it}$
 Should read as:
 $\ln(C_{it}) = \alpha_i + \beta_1 \ln(Q_{it}) + \beta_2 \ln(PF_{it}) + \beta_3 LF_{it} + \varepsilon_{it}$
- 255 3- The paragraph:
 In other words, we fail to reject the null hypothesis that there are *no* fixed effects.
 Should read as:
 In other words, we reject the null hypothesis that there are *no* fixed effects.
- 283 Appendix A GPE Global Control Variables has been expanded with the updated version of GPE2. See GPEGuide.pdf for more details.
- 297 Appendix B GPE Application Modules has been expanded with the updated version of GPE2. See the list of application modules in GPE subdirectory after the installation of GPE2 package.