

Professor Dennis W. Jansen

**Economics 489 – Spring 2004
Tuesday/Thursday 4:30-5:45**

***ECONOMIC FORECASTING
Course Syllabus***

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Office Hours: Jansen: Tuesday and Thursday 3:30 - 4:30; 5:45 - 6:30;
and by appointment
Kang:

What Can I Expect from an Economics Forecasting Course?

This course is meant to be taken subsequent to an introductory economic statistics course and subsequent to undergraduate econometrics.

The course focus is on the empirical application of econometric techniques to prediction in economics. Topics such as basic regression, model building and specification, and hypothesis testing will be reviewed, followed by in-depth examination of various modern forecasting techniques used in economics. The course is aimed towards generating a comprehensive understanding of practical issues facing economists with the task of prediction and forecasting. Given the importance of the applied component of the course, substantial emphasis will also be placed on efficient and effective use of computational economic software. For this reason, numerous classes will be lab oriented. Software packages of interest and available in the Economics Department computer lab include EVIEWS, STATA, and GAUSS (and possibly RATS). The University also has a site license for SAS. In general the instructor will prefer EVIEWS for purposes of this course, but you are free to use whatever software package you know best. We will also make use of a Excell, a spreadsheet program, for manipulating data. Data retrieval and management will also be covered.

The student completing this course should have attained the capability to enter into positions in government, business, and consulting which call for the analysis of economic variables and production of predictions of these variables.

Disclaimer: Texas A&M University encourages qualified persons with disabilities to participate in its programs and activities. If you anticipate needing any type of accommodation in this course or

have questions about physical access, please tell the instructor as soon as possible.

Textbooks

Required:

Diebold, Frank X.: **Elements of Forecasting with Economic Applications Card and InfoTrac**, 3rd Edition, South-Western College Publishing, 2004, ISBN 0-324-16382-7.

Optional:

Books on Forecasting:

Granger, C.W.J.: **Forecasting in Business and Economics, 2nd Edition, Academic Press, 1989, ISBN 0-12-295181-6.

Hanke, John E., Dean W. Wichern and Arthur G. Reitsch: **Business Forecasting, 7th Edition, Prentice Hall, 2001, ISBN 0-13-087810-3.

Evans, Michael K.: **Practical Business Forecasting, Blackwell Publishing Co., 2003, ISBN 0-631-22065-8.

Book on Econometrics:

Baltagi, Badi: **Econometrics, 2nd Edition, Cambridge University Press, 2002.

Wooldridge, Jeffrey: **Introductory Econometrics, 2nd edition, Thomson/Southwest, 2003, ISBN 0-324-11364-1

Software Manuals:

**Eviews Computer Manuals: Quantitative Micro Software at www.eviews.com.

Course Grade

Your grades will be based on a combination of 3 quizzes, 7 assignments, and a project.

30%: **10% for each of 3 Quizzes**

35%: **5% for each of 7 Assignments** (roughly one due every two week)

35%: **Term Project** (including written paper (30%) and class presentation (5%))

In particular, for the assignments and the Term Project, I recommend teamwork. However, each member of a team or group must hand in her/his *own* written or typed assignment – no photocopies!