

Homework

- 1) Answer the questions below using the dataset "md.wf1".
 - a) Test for quantity theory of money (constant prices) using the Engle Granger methodology.
 - b) Correct for the errors potentially not being white noise using the methodology of your choice.
 - c) Test for the Keynesian money demand function using Johansen's methodology.
 - d) Determine optimal lag length.
 - e) Derive the long run money demand equilibrium.
 - f) Comment on how fast each variable reaches its equilibrium once it deviates away from it.