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Order Determination in General Vector Autoregressions

Abstract: In the application of autoregressive models the order of the model is often estimated using either a sequence of likelihood ratio tests or a likelihood based information criterion. The consistency of such procedures has been discussed extensively under the assumption that the characteristic roots of the autoregression are stationary. While non-stationary situations have also been considered the results depend on conditions to the characteristic roots. It is here shown that these methods for lag length determination can be used regardless of the assumption to the characteristic roots and also in the presence of deterministic terms.