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Is inflation stationary?

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Abstract

Ninety–three world–wide inflation series are tested for unit roots. Treating the data series' innovations as draws from a symmetric stable distribution, with possibly infinite variance, reduces the number that appear stationary.

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Notes

To simulate symmetric stable random variables the algorithm of Chambers et al. (1976), encoded in GAUSS by J. Huston McCulloch, is used.

For series with less than 200 observations the maximum lag length is set to 24.

Here and elsewhere, to estimate the index of stability

the method suggested by McCulloch (1986) is used.

Related Research Data

LAG Length Selection and the Construction of Unit Root Tests with Good Size and Power
Source: Econometrica
Simple consistent estimators of stable distribution parameters
Source: Communications in Statistics - Simulation and Computation
Time series with unit roots and infinite-variance disturbances
Source: Applied Mathematics Letters
Unit Root Tests in ARMA Models with Data-Dependent Methods for the Selection of the Truncation Lag
Source: Journal of the American Statistical Association
Time Series Regression with a Unit Root
Source: Econometrica
Testing for a Unit Root in Time Series with Pretest Data-Based Model Selection
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