



Statistics 435/711

Fall 2020

Instructor

Paul Shaman, shaman@wharton.upenn.edu

Class Hours and Location

TuTh 12–1:20, virtual with BlueJeans

Office Hours

MTuTh 4:30–6, and by appointment, virtual with BlueJeans

Course Materials

Class notes. These are the main source materials for the course. The notes will be posted throughout the semester on Canvas.

Tsay, R. S., *Analysis of Financial Time Series*, 3rd ed. Wiley, New York, 2010. Some supplementary reading will be assigned in Tsay's book, and the book will also provide some data sets for discussion and for homework.

Software

The course will use R. As we proceed, I will discuss and illustrate the use of R in the notes and lectures.

The R package is free and open software and is available at www.r-project.org. Several items of R documentation have been posted on Canvas.

Course website

Statistics 435/711 is using Canvas. You can gain access by going to <https://canvas.upenn.edu/>. All notes, homework assignments and data sets for the course will be distributed and managed via the website.

Course Description

The aims of this course are to introduce basic time series and forecasting techniques. The emphasis will be upon the use of statistical methodology, and the written communication of statistical results. Considerable time will be devoted to understanding statistical problems in the contexts in which they arise, and to proper selection of statistical techniques and interpretation of the statistical output.

As noted above, the primary class materials will be instructor's notes; the text will be supplementary. Use of R will be incorporated into the class notes.

There will be five homework assignments. Each will involve the analysis of data sets and interpretation of the findings, and the presentation of a clearly organized and presented written report. The homework is designed to teach and to give experience in the use of time series methodology. You are encouraged to consult with each other in doing the homework, and also to contact me for help. ***File sharing is not permitted, and you must submit your own writeup, with your own calculations. Penalties will be imposed if file sharing is detected.*** Homework must be submitted by the due date specified for the assignment. ***All assignments will be submitted via Canvas.***

There are no examinations.

Fall 2020 University Calendar

The first class is Tuesday, 1 September.

No classes 7 September—Labor Day.

The course selection period ends Tuesday, 15 September.

There is no Fall break this semester.

The drop period ends Monday, 12 October.

The withdrawal deadline is Monday, 9 November.

In-person classes end Friday, 20 November.

Thursday, Friday class schedule on Tuesday, Wednesday, 24–25 November.

Thanksgiving break 26–29 November.

Classes resume exclusively online 30 November.

Monday class schedule on Thursday, 10 December.

Classes end Thursday, 10 December.

Reading days 11–14 December.

Final exams 15–22 December.

Topics

The primary goal is to present time series techniques. Basic multiple regression will be reviewed at the beginning, and additional regression topics will be presented as they are needed. For the most part, because of time limitations, attention will be focused on univariate series. Data sets studied will be primarily, but not exclusively, business and economic time series, including financial market data.

Multiple regression methods

Trends and seasonality

Spectral methods

Distributed lag models

ARIMA models

Exponential smoothing

Combination of forecasts

ARCH and GARCH models

Class dates (all class presentations are synchronous)

There are 28 classes (Tuesday, Thursday schedule)

Week	Class dates
31 August	9/1, 9/3
7 September	9/8, 9/10
14 September	9/15, 9/17
21 September	9/22, 9/24
28 September	9/29, 10/1
5 October	10/6, 10/8
12 October	10/13, 10/15
19 October	10/20, 10/22
26 October	10/27, 10/29
2 November	11/3, 11/5
9 November	11/10, 11/12
16 November	11/17, 11/19
23 November	11/24
30 November	12/1, 12/3
7 December	12/8