[Glossary]

Autocorrelation

Subject: Business Economics

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                                     Undergraduate

Paper No. & Title: Paper – 531
                                     Elective Paper Q1 –
                                     Advanced Econometrics

Unit No. & Title: Unit – 1
                                     Relaxing the Assumptions
                                     of
                                     The Classical Linear Model

Lecture No. & Title: Lecture – 5
                                     Autocorrelation

Glossary

1 First Order autoregressive Scheme

It is a relation between U_t and U_{t-1} expressed as $U_t = \rho U_{t-1} + \epsilon_t$ for all t.

2 Serial Correlation coefficient

It is the first order autocorrelation coefficient expressed by ρ.

3 DW Test

Durbin Watson test statistic is d which is approximately shown as $d \approx 2(1 - \rho^*)$ Where ρ^* is serial correlation coefficient estimated form the sample

4 MAR Model

Moving average regression model This is a remedial measure to deal with autocorrelation when autocorrelation coefficient is 1.

5 Cochran Orcutt Iterative Procedure

It is a method as a remedial measure to deal with autocorrelation by successive iterations done through the given model. AR equation and GDE serves this purpose in a finite number of steps.

6 Von Neumann's Ratio Test (VNR test)

It is a test statistic for detecting autocorrelation based upon computing VNR Δ and then applying normality test.

7 Theil Nagar estimator It gives estimator of ρ based upon the formula $\widehat{\rho} = \dfrac{n^2\left(1 - \frac{d}{2}\right) + K^2}{n^2 - K^2}$