

A Flexible Model for Time-Dependent Data

by

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ABSTRACT

A Bayesian model for analyzing time-dependent data is presented. The model allows for the possibility of a shift in the level and / or a shift in the variance of the process at all time points. An example of simulated data will be shown as well as the results of four macroeconomic time series data : inflation, interest, unemployment, and wage. The fitted data of the model is compared against the actual through the use of prediction intervals and the creation of a new measure, called the 'modified Akaike Information Criterion'.

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