

Contents

Preface	v
1 The Seemingly Unrelated Regression Equations Model	1
1.1 Introduction	1
1.2 The Model	3
1.3 Outline	7
Exercises	8
References	9
2 The Least Squares Estimator and Its Variants	11
2.1 Introduction	11
2.2 The Ordinary Least Squares and Generalized Least Squares Estimators	12
2.3 The Feasible Generalized Least Squares Estimator	13
2.4 Optimality of Ordinary Least Squares	17
2.5 Simplifications of Feasible Generalized Least Squares	22
2.6 Some Asymptotic Properties	27
Exercises	35
References	37
	ix

3	Approximate Distribution Theory for Feasible Generalized Least Squares Estimators	41
3.1	Introduction	41
3.2	Asymptotic Approximations for Bias Vectors	42
3.3	Asymptotic Approximations for Variance Covariance Matrices	45
3.4	Asymptotic Approximations for Density and Distribution Functions	62
3.5	Monte Carlo Evidence	72
3.6	Some Remarks on Large-Sample Approximation Methodology and the Monte Carlo Technique	74
	Exercises	77
	References	79
4	Exact Finite-Sample Properties of Feasible Generalized Least Squares Estimators	81
4.1	Introduction	81
4.2	Unbiasedness	82
4.3	The Two Equation Model	85
4.4	Efficiency Properties Under Orthogonal Regressors	87
4.5	Efficiency Properties Under Subset Regressors	104
4.6	Efficiency Properties Under Unconstrained Regressors	116
4.7	Some Further Results	127
4.8	The Multi-Equation Model	136
	Exercises	143
	References	146
5	Iterative Estimators	149
5.1	Introduction	149
5.2	The Iterative Feasible Generalized Least Squares Estimator	150
5.3	The Iterative Ordinary Least Squares Estimator	151
5.4	The Maximum Likelihood Estimator	155
5.5	Computational Issues	159
5.6	Unbiasedness	160
5.7	Efficiency Properties	161
	Exercises	171
	References	172
6	Shrinkage Estimators	175
6.1	Introduction	175
6.2	Stein-Rule Estimators	176

6.3	Ridge-Type Estimators	186
6.4	Weighted-Combination Estimators	190
6.5	Lindley-Like Mean Corrections	197
	Exercises	199
	References	201
7	Autoregressive Disturbances	205
7.1	Introduction	205
7.2	First-Order Scalar Autoregressive Disturbances	206
7.3	First-Order Vector Autoregressive Disturbances	214
7.4	Efficiency Comparisons	220
7.5	Testing the Autoregressive Structure	225
7.6	Research Suggestions	228
	Exercises	229
	References	231
8	Heteroscedastic Disturbances	235
8.1	Introduction	235
8.2	Model Specification and Estimation	236
8.3	Estimator Properties	239
8.4	Efficiency Comparisons	251
8.5	Research Suggestions	254
	Exercises	254
	References	255
9	Constrained Error Covariance Structures	257
9.1	Introduction	257
9.2	Variance Inequalities and Positivity of Correlations	258
9.3	Error Components Structure	266
9.4	Research Suggestions	274
	Exercises	275
	References	276
10	Prior Information	279
10.1	Introduction	279
10.2	Restrictions on the Parameters	280
10.3	Specification Analysis	292
10.4	Bayesian Analysis	316
10.5	Research Suggestions	323
	Exercises	324
	References	327

11	Some Miscellaneous Topics	331
11.1	Introduction	331
11.2	The Varying Coefficients Model	331
11.3	Missing Observations	339
11.4	Goodness-of-Fit Measures	346
11.5	Dynamic Models	351
11.6	Non-Linear Models	353
11.7	Further Research	357
	Exercises	358
	References	360
	Appendix	363
	Index	371