

# Contents

<i>List of Figures</i>	viii
<i>List of Tables</i>	ix
<i>List of Contributors</i>	xi
<i>Foreword</i>	xiii
<i>Preface</i>	xv
<i>Acknowledgements</i>	xvii
<i>List of Abbreviations</i>	xix
Introduction	1
Time Series Perspective	3
New Research Perspectives	4
Plan for this Study	8
1 History of Commodity Price Analysis	11
The Challenge	12
Structural Market Approach	14
Nonstructural Approach	21
Some Remaining Problems	30
Conclusions	36
<b>Part 1 Long Term Price Movements</b>	
2 Identifying Trends and Breaks	39
Trends and Breaks	40
Exogenous Break Tests	42
Endogenous Break Tests	44
Some Empirical Comparisons	47
Conclusions	47
3 Convergence of Commodity Prices	49
Nature of Price Linkages	50
Geographic Price Separation	53
Methods for Measuring Convergence	55
Empirical Results	59
Conclusions	68

**Part 2 Medium Term Price Movements**

4	Identifying Price Cycles	71
	Timing and Frequency	72
	Duration Dependence	73
	Modeling and Confirmation	79
	Volatility and Persistence	83
	Conclusions	88
5	Business Cycle Impacts	91
	Dynamic Factor Analysis	92
	Prices and the Common Factor	93
	Identifying the Common Factor	96
	Business Cycles and the Common Factor	99
	Conclusions	103

**Part 3 Short Term Price Movements**

6	Color of Commodity Prices	107
	Fractional Integration	108
	The Color of Noise	109
	The Range of Price Tests	111
	Empirical Results	117
	Conclusions	122
7	Wavelet Models Transforms of Commodity Prices	125
	A Brief Theory of Wavelets	126
	Wavelet Estimation and Tests	133
	Constructing the Patio Plots	138
	Implications for Price Behavior	143
	Conclusions	146

**Part 4 Price Forecasting**

8	Noisy Chaotic Dynamics	149
	The Range of Price Tests	150
	Data and Empirical Results	156
	Conclusions	160
9	Structural Forecasting Models	163
	Model Specification	164
	Testing for Unit Roots and Cycles	166
	Maximum Likelihood Results	170

## *Contents*

vii

Price Forecasting	178
Conclusions	182
Prospects for the Future	185
More Time Series Analysis	185
Beyond Time Series Analysis	190
<i>Appendix: Resources for Future Research</i>	195
<i>Bibliography</i>	201
<i>Index</i>	237