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ECONOMETRIC THEORY

$$(\hat{A}^{+} - A)F = [A_T - B_T C_T]D_T^{-1} F'F$$

Editor:
Peter C.B. Phillips
Yale University

$$\beta' y_t = U_{1t} = \underbrace{\beta' \varepsilon_t}_{u_{1t}} + \underbrace{(-G(F-I)y_{2t-1})}_{\tilde{u}_{1t}}$$

$$\beta' \Delta y_t = \Delta U_{1t} = \underbrace{\beta' \Delta \varepsilon_t}_{\Delta u_{1t}} + \underbrace{(-G(F-I)^2 y_{2t-2} - G(F-I)\varepsilon_{2t-1})}_{\Delta \tilde{u}_{1t}}$$

$$T^{-1} \sum_{t=1}^{T} \varepsilon_t y'_{2t-1}(I + G'G) \Rightarrow \begin{pmatrix} \Sigma_{11}^{1/2} & \int_0^1 dW_1 J_C' \Sigma_{22}^{1/2} \\ \Sigma_{22}^{1/2} & \int_0^1 dW_2 J_C' \Sigma_{22}^{1/2} \end{pmatrix} (I + G'G)$$

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