

Econometrics Toolbox™

Release Notes

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info@mathworks.com Sales, pricing, and general information



508-647-7000 (Phone)



508-647-7001 (Fax)



The MathWorks, Inc.
3 Apple Hill Drive
Natick, MA 01760-2098

For contact information about worldwide offices, see the MathWorks Web site.

Econometrics Toolbox™ Release Notes

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Summary by Version

This table provides quick access to what's new in each version. For clarification, see "Using Release Notes" on page 2.

Version (Release)	New Features and Changes	Version Compatibility Considerations	Fixed Bugs and Known Problems	Related Documentation at Web Site
Latest Version V1.2 (R2009b) Econometrics Toolbox™ Software	Yes Details	Yes Summary	No	Printable Release Notes: PDF Current product documentation
V1.1 (R2009a) Econometrics Toolbox Software	Yes Details	Yes Summary	No	No
Latest Version V1.0 (R2008b) Econometrics Toolbox Software	Yes Details	No	No	No
V2.4 (R2008a) GARCH Toolbox™ Software	Yes Details	No	No	No
V2.3.2 (R2007b) GARCH Toolbox Software	Yes Details	No	No	No
V2.3.1 (R2007a) GARCH Toolbox Software	No	No	No	No
V2.3 (R2006b) GARCH Toolbox Software	Yes Details	No	No	No

Version (Release)	New Features and Changes	Version Compatibility Considerations	Fixed Bugs and Known Problems	Related Documentation at Web Site
V2.2 (R2006a) GARCH Toolbox Software	Yes Details	No	No	No
V2.1 (R14SP3) GARCH Toolbox Software	Yes Details	Yes Summary	No	No

Using Release Notes

Use release notes when upgrading to a newer version to learn about:

- New features
- Changes
- Potential impact on your existing files and practices

Review the release notes for other MathWorks™ products required for this product (for example, MATLAB® or Simulink®). Determine if enhancements, bugs, or compatibility considerations in other products impact you.

If you are upgrading from a software version other than the most recent one, review the current release notes and all interim versions. For example, when you upgrade from V1.0 to V1.2, review the release notes for V1.1 and V1.2.

What Is in the Release Notes

New Features and Changes

- New functionality
- Changes to existing functionality

Version Compatibility Considerations

When a new feature or change introduces a reported incompatibility between versions, the **Compatibility Considerations** subsection explains the impact.

Compatibility issues reported after the product release appear under Bug Reports at The MathWorks™ Web site. Bug fixes can sometimes result in incompatibilities, so review the fixed bugs in Bug Reports for any compatibility impact.

Fixed Bugs and Known Problems

The MathWorks offers a user-searchable Bug Reports database so you can view Bug Reports. The development team updates this database at release time and as more information becomes available. Bug Reports include provisions for any known workarounds or file replacements. Information is available for bugs existing in or fixed in Release 14SP2 or later. Information is not available for all bugs in earlier releases.

Access Bug Reports using your MathWorks Account.

Version 1.2 (R2009b) Econometrics Toolbox Software

This table summarizes new features in V1.2 (R2009b).

New Features and Changes	Version Compatibility Considerations	Fixed Bugs and Known Problems	Related Documentation at Web Site
Yes Details below	Yes Summary	No	Printable Release Notes: PDF Current product documentation

New features and changes follow.

- “Unit Root Tests” on page 4
- “Financial Toolbox Required” on page 5
- “Nelson-Plosser Data” on page 5

Unit Root Tests

There are now four classes of unit root tests. More information on the tests is available in the “Unit Root Tests” section of the User’s Guide.

Dickey-Fuller and Phillips-Perron Tests

Dickey-Fuller and Phillips-Perron tests now have single interfaces, with new capabilities for multiple testing. Both `adftest` and `pptest` test a unit root null hypothesis against autoregressive, autoregressive with drift, or trend-stationary alternatives.

KPSS Test

The new `kpsstest` function tests a null hypothesis of (trend) stationarity against nonstationary unit root alternatives.

Variance Ratio Test

The new `vratiotest` function tests a null hypothesis of a random walk against alternatives with innovations are not independent and identically distributed.

Compatibility Considerations

The `ardtest` function replaces the `dfARDTest`, `dfARTest`, and `dfTSTest` functions. The `pptest` function replaces the `ppARDTest`, `ppARTest`, and `ppTSTest` functions. The new function syntax differs from the functions they replace.

Financial Toolbox Required

Econometrics Toolbox requires Financial Toolbox™ as of this version.

Nelson-Plosser Data

The Nelson and Plosser [9] data set is now available. To access the data, enter `load NelsonPlosser` at the MATLAB command line.

Version 1.1 (R2009a) Econometrics Toolbox Software

This table summarizes new features in V1.1 (R2009a).

New Features and Changes	Version Compatibility Considerations	Fixed Bugs and Known Problems	Related Documentation at Web Site
Yes Details below	Yes Summary	No	No

New features and changes follow.

- “Hypothesis Tests” on page 6
- “Structural VAR, VARX, and VARMAX models” on page 6
- “New Demo” on page 7

Hypothesis Tests

There are two new hypothesis tests for model misspecification:

- Lagrange Multiplier tests, `lmtest`
- Wald tests, `waldtest`

Furthermore, the likelihood ratio test, `lratiotest`, has been enhanced to be able to “test up” as well as “test down” when performing multiple model comparisons. It now accepts vectors of model parameters for restricted log likelihoods, for unrestricted log likelihoods, or for both.

There is a new demo about these tests; see “New Demo” on page 7.

Compatibility Considerations

`lratiotest` error messages and message IDs differ from previous versions.

Structural VAR, VARX, and VARMAX models

Econometrics Toolbox multiple time series functions now include structural multiple time series. Structural models have the general form

$$A_0 Y_t = a + X_t b + \sum_{i=1}^p A_i Y_{t-i} + \sum_{j=1}^q B_j W_{t-j} + B_0 W_t.$$

Previously, Econometrics Toolbox multiple time series functions addressed models of the form

$$Y_t = a + X_t b + \sum_{i=1}^p A_i Y_{t-i} + \sum_{j=1}^q B_i W_{t-j} + W_t.$$

The mathematical difference is the inclusion of A_0 and B_0 matrices. These matrices allow practitioners to specify structural dependencies between variables. For more information, see the “Multiple Time Series for Linear Models” chapter of the Econometrics Toolbox User’s Guide.

Compatibility Considerations

Objects created with the Econometrics Toolbox V1.0 `vgxset` function, and saved in MAT files, do not work with Econometrics Toolbox V1.1 functions. Recreate the objects with the Econometrics Toolbox V1.1 `vgxset` function.

New Demo

There is a new demo on hypothesis tests. Run the demo at the MATLAB command line by entering `showdemo classicalTestsDemo`.

Version 1.0 (R2008b) Econometrics Toolbox Software

This table summarizes new features in V1.0 (R2008b).

New Features and Changes	Version Compatibility Considerations	Fixed Bugs and Known Problems	Related Documentation at Web Site
Yes Details below	No	No	No

New features and changes follow.

- “Multivariate VAR, VARX, and VARMA Models” on page 8
- “Heston Stochastic Volatility Models” on page 9

Multivariate VAR, VARX, and VARMA Models

A new suite of functions, listed in the following table, adds support for multivariate VAR, VARX, and VARMA models.

Function	Description
vgxar	Convert VARMA specification into a pure vector autoregressive (VAR) model
vgxcount	Count restricted and unrestricted parameters in VAR or VARX models
vgxdisp	Display VGX model parameters and standard errors in different formats
vgxget	Get multivariate time-series specification parameters
vgxinfer	Infer innovations of a VGX process
vgxloglik	Compute conditional log-likelihoods of VGX process
vgxma	Convert VARMA specification into a pure vector moving average (VMA) model
vgxplot	Plot multivariate time series process

Function	Description
vgxpred	Generate transient response of VGX process during a specified forecast period
vgxproc	Generate a VGX process from an innovations process
vgxqual	Determine if a VGX process is stable and invertible
vgxset	Set or modify multivariate time-series specification parameters
vgxsim	Simulate VGX processes
vgxvarx	Solve VAR or VARX model using maximum likelihood estimation

Heston Stochastic Volatility Models

The new heston function adds support for Heston stochastic volatility models to the SDE engine.

Version 2.4 (R2008a) GARCH Toolbox Software

This table summarizes new features in V2.4 (R2008a).

New Features and Changes	Version Compatibility Considerations	Fixed Bugs and Known Problems	Related Documentation at Web Site
Yes Details below	No	No	No

New features and changes follow:

Monte Carlo Simulation of Stochastic Differential Equations

The GARCH Toolbox software now allows you to model dependent financial and economic variables, such as interest rates and equity prices, via Monte Carlo simulation of multivariate diffusion processes. For more information, see “Stochastic Differential Equations” in the GARCH Toolbox documentation.

Version 2.3.2 (R2007b) GARCH Toolbox Software

This table summarizes new features in V2.3.2 (R2007b).

New Features and Changes	Version Compatibility Considerations	Fixed Bugs and Known Problems	Related Documentation at Web Site
Yes Details below	No	No	No

New features and changes follow:

Changes to `garchsim`

The `garchsim` function previously allowed you to specify the `State` argument as either a scalar or a time series matrix of standardized, independent, identically distributed disturbances to drive the output Innovations in a time series process. The `State` argument must now be a time series matrix. See the `State` input argument on the `garchsim` reference page for more information.

Version 2.3.1 (R2007a) GARCH Toolbox Software

This table summarizes new features in V2.3.1 (R2007a).

New Features and Changes	Version Compatibility Considerations	Fixed Bugs and Known Problems	Related Documentation at Web Site
No	No	No	No

There are no new features or changes in this version.

Version 2.3 (R2006b) GARCH Toolbox Software

This table summarizes new features in V2.3 (R2006b).

New Features and Changes	Version Compatibility Considerations	Fixed Bugs and Known Problems	Related Documentation at Web Site
Yes Details below	No	No	No

New features and changes follow:

- “Data Preprocessing” on page 13
- “Demos” on page 13

Data Preprocessing

A new Hodrick-Prescott filter, `hpfilter`, separates time series into trend and cyclical components

Demos

A new demo uses the `hpfilter` function to reproduce the results in Hodrick and Prescott’s original paper on U.S. business cycles

Version 2.2 (R2006a) GARCH Toolbox Software

This table summarizes new features in V2.2 (R2006a).

New Features and Changes	Version Compatibility Considerations	Fixed Bugs and Known Problems	Related Documentation at Web Site
Yes Details below	No	No	No

New features and changes follow:

- “User’s Guide” on page 14
- “Statistical Functions” on page 14

User’s Guide

A new chapter in the *GARCH Toolbox User’s Guide* explains how to conduct Dickey-Fuller and Phillips-Perron unit root tests with the new statistical functions in the toolbox.

Statistical Functions

Version 2.2 of the GARCH Toolbox software has six new functions. All of them support the ability to conduct univariate unit root tests on time series data. Three functions support augmented Dickey-Fuller unit root tests. The remaining three support Phillips-Perron unit root tests.

Dickey-Fuller Unit Root Tests

Function	Purpose
dfARDTest	Augmented Dickey-Fuller unit root test based on AR model with drift.
dfARTest	Augmented Dickey-Fuller unit root test based on zero drift AR model.
dfTSTest	Augmented Dickey-Fuller unit root test based on trend stationary AR model.

Phillips-Perron Unit Root Tests

Function	Purpose
ppARDTest	Phillips-Perron unit root test based on AR(1) model with drift.
ppARTest	Phillips-Perron unit root test based on zero drift AR(1) model.
ppTSTest	Phillips-Perron unit root test based on trend stationary AR(1) model.

Version 2.1 (R14SP3) GARCH Toolbox Software

This table summarizes what's new in V2.1 (R14SP3):

New Features and Changes	Version Compatibility Considerations	Fixed Bugs and Known Problems	Related Documentation at Web Site
Yes Details below	Yes Summary	No bug fixes	No

New features and changes follow:

Changes to `garchsim`

A change introduced in V2.1 of the GARCH Toolbox software concerns user-specified noise processes. The `garchsim` function now allows you to provide a time series matrix of standardized, i.i.d. disturbances to drive the output Innovations in a time series process. In previous versions, you could only provide a state that was used to generate a random noise process. See the `State` input argument on the `garchsim` reference page for more information.

Compatibility Considerations

`garchsim` argument is renamed. In V2.1, the `garchsim` argument `Seed` is renamed to `State` for consistency with the MATLAB `rand` and `randn` functions. The name change, in itself, introduces no backward incompatibilities. The following topic explains a related change.

`garchsim` defaults to current random number generator state. In V2.0.1 of the GARCH Toolbox software, the `garchsim` function used the initial random number generator state, 0, if you did not specify a value for the `Seed` argument. The `Seed` argument corresponded to the `rand` and `randn` state value.

In V2.1, if you do not specify a value for the `State` (formerly `Seed`) argument, `garchsim` uses the current state of `rand` and `randn`, rather than the initial state. Use the commands `s = rand('state')` and `s = randn('state')` to determine the current state of these random number generators. For more information, see the `rand` and `randn` reference pages.

Compatibility Summary for Econometrics Toolbox Software

This table summarizes new features and changes that might cause incompatibilities when you upgrade from an earlier version, or when you use files on multiple versions.

Version (Release)	New Features and Changes with Version Compatibility Impact
Latest Version Econometrics Toolbox Software V1.2 (R2009b)	See the Compatibility Considerations subheading for each of these new features and changes: <ul style="list-style-type: none"> • “Unit Root Tests” on page 4
Econometrics Toolbox Software V1.1 (R2009a)	See the Compatibility Considerations subheading for each of these new features and changes: <ul style="list-style-type: none"> • “Hypothesis Tests” on page 6 • “Structural VAR, VARX, and VARMAX models” on page 6
Econometrics Toolbox Software V1.0 (R2008b)	None
GARCH Toolbox Software V2.4 (R2008a)	None
GARCH Toolbox Software V2.3.2 (R2007b)	None
GARCH Toolbox Software V2.3.1 (R2007a)	None
GARCH Toolbox Software V2.3 (R2006b)	None

Version (Release)	New Features and Changes with Version Compatibility Impact
GARCH Toolbox Software V2.2 (R2006a)	None
GARCH Toolbox Software V2.1 (R14SP3)	See the Compatibility Considerations subheading for each of these new features and changes: <ul style="list-style-type: none">• “Changes to garchsim” on page 16