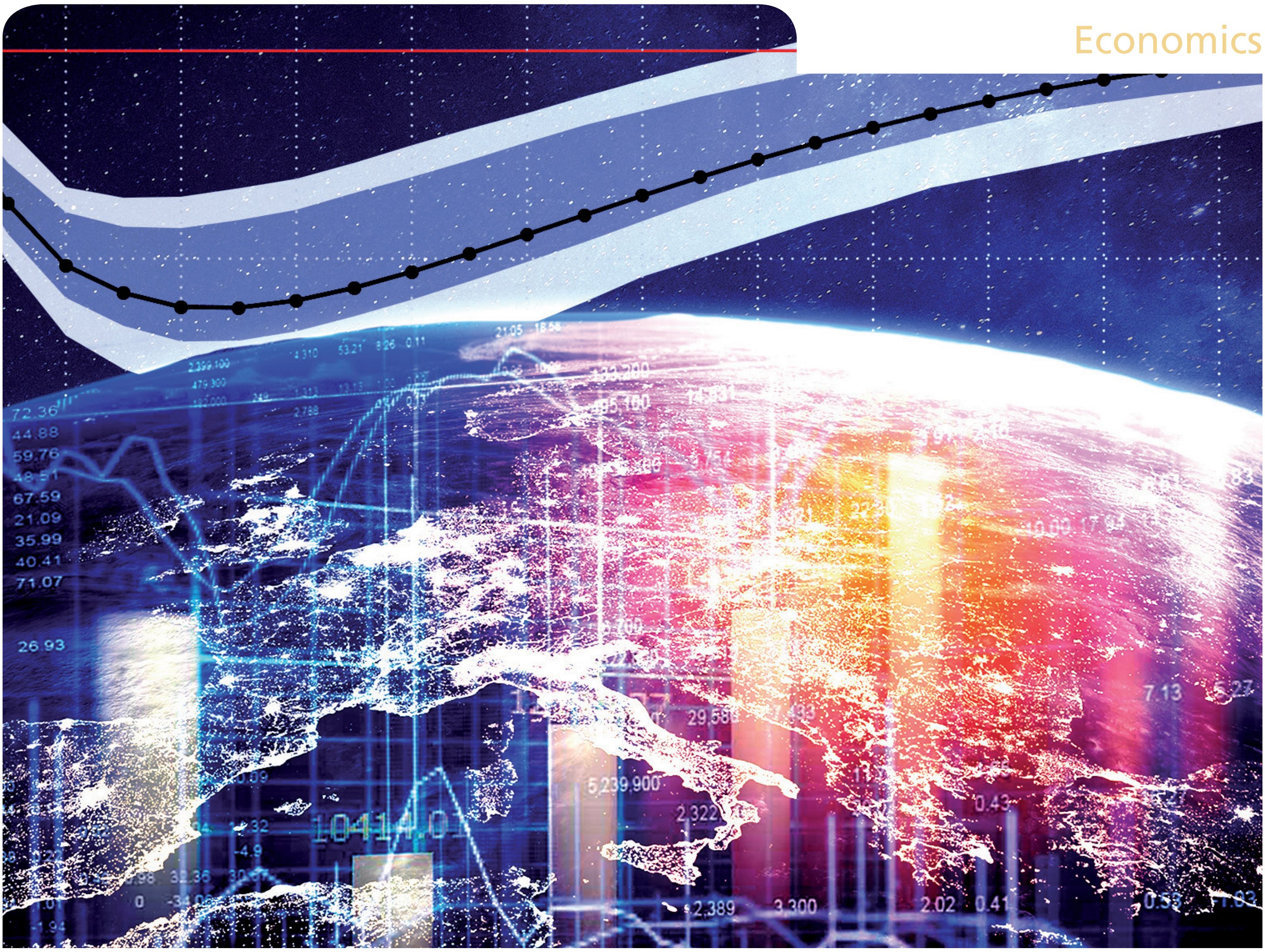
Economics



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The Economic Impact of Uncertainty in France, Germany and the United Kingdom

Master's thesis

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Abstract

This work deals with the economic impact of uncertainty on macroeconomically important variables in three countries: France, Germany and the United Kingdom. First, the econometric bases are derived, starting with a univariate case. With the introduction of the vector autoregressive model, time series of variables are included, which all depend on and influence each other. Subsequently, the individual preparations, such as Cholesky decomposition, are made to derive the innovations that flow into the system. After the data and variables to be considered for the model have been described in detail, stationarity tests must be carried out to enable consistent estimates to be made later.

For this it is necessary to perform additional transformations. Finally, the VAR model is estimated and the results can be visualized and interpreted. It is shown that short-term shocks in uncertainty have different impacts on the variables under consideration. In addition, country-specific responses can be identified in the course of the Impulse Response Functions, differing in terms of amplitude, direction, bahvior and persistence. With the help of Forecast Error Variance Decompositions, interdependencies between variables can be identified and possibly put into a logical, functional context.

Note:
This work has been corrected for minor errors, these errors did not affect the grade.