

# 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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**Subscriptions:** *Econometric Theory* (ISSN 0266-4666) is published bimonthly by Cambridge University Press, One Liberty Plaza, Floor 20, New York, NY 10006 / Cambridge University Press, The Edinburgh Building, Shaftesbury Road, Cambridge CB2 2RU, UK.

Rates for 2017: Institutions, print plus online, US \$1383.00 in the US, Canada, and Mexico; UK £822.00 + VAT elsewhere. Institutions, online only: US \$1121.00 in the US, Canada, and Mexico; UK £663.00 + VAT elsewhere. Individuals, print plus online: US \$367.00 in the US, Canada, and Mexico; UK £215.00 + VAT elsewhere (prepayment by personal check or credit card only). Single parts: US \$236.00 (£144.00 + VAT). Prices include postage and insurance; air mail or registered mail extra. Back volume prices upon request.

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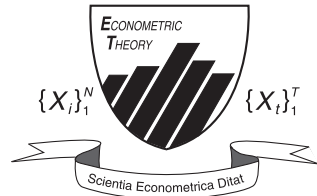
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*Econometric Theory* is indexed in Social Sciences Citation Index; Current Contents/Social & Behavioral Sciences; *Journal of Economic Literature*; Index of Economic Articles; Economic Literature Index; *Statistical Theory and Method Abstracts*; and *Zentralblatt für Mathematik*.

Periodicals postage paid New York, NY and additional mailing offices. *Postmaster*: send address changes in the USA, Canada, and Mexico to: *Econometric Theory*, Journals Department, Cambridge University Press, One Liberty Plaza, Floor 20, New York, NY 10006.



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