Consistent Nonparametric Test on Nonlinear Regression Models With Near-Integrated Covariates

Li Wu

Abstract

In this dissertation, a L2 type nonparametric test is developed to test a specific nonlinear parametric regression model with near-integrated regressors. The asymptotic distributions of the proposed test statistic under both null and alternative hypotheses are established. The finite sample performance is also examined by conducting Monte Carlo simulation. The test statistic is applied to testing the linear prediction model of asset return and the predictability of asset return is shown at last

Department of Mathematics, UNC Charlotte, Charlotte, NC 28223