

On the usefulness of the Diebold-Mariano test in the selection of prediction models: Some Monte Carlo evidence

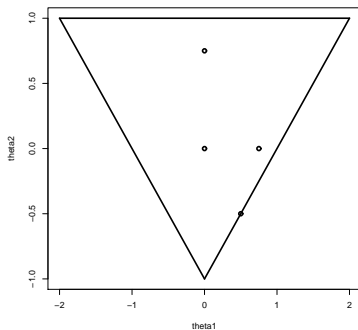
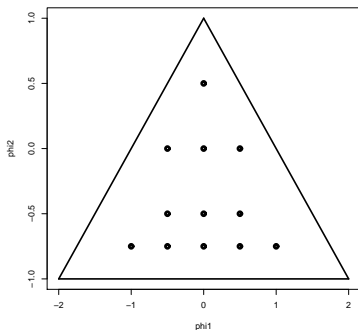
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ARMA(2,2) parameters



Parameter values for the autoregressive part of the generated ARMA models within the triangular region of stable AR models and values for the MA part within the invertibility region for

Results of the simulation for $N = 100$

ϕ_1	ϕ_2	θ_1	θ_2	MSE(ARMA)	MSE(AR)	MSE(tr)	MSE(OM)
0	0.5	0	0				
-0.5	0	0	0			0.995	0.995
0	0	0	0				
0.5	0	0	0	1.047	1.047		
-0.5	-0.5	0	0				
0	-0.5	0	0				
0.5	-0.5	0	0				
-1	-0.75	0	0				
-0.5	-0.75	0	0				
0	-0.75	0	0				
0.5	-0.75	0	0				
1	-0.75	0	0				
0	0.5	0	0.75			1.318	1.318
-0.5	0	0	0.75				
0	0	0	0.75			1.166	1.166
0.5	0	0	0.75				
-0.5	-0.5	0	0.75				
0	-0.5	0	0.75				
0.5	-0.5	0	0.75				
-1	-0.75	0	0.75			1.366	1.366
-0.5	-0.75	0	0.75				
0	-0.75	0	0.75				
0.5	-0.75	0	0.75				
1	-0.75	0	0.75				
0	0.5	0.75	0				
-0.5	0	0.75	0				
0	0	0.75	0				
0.5	0	0.75	0				
-0.5	-0.5	0.75	0				
0	-0.5	0.75	0				
0.5	-0.5	0.75	0				
-1	-0.75	0.75	0				
-0.5	-0.75	0.75	0				
0	-0.75	0.75	0				
0.5	-0.75	0.75	0				
1	-0.75	0.75	0				
0	0.5	0.75	0.75				
-0.5	0	0.75	0.75				
0	0	0.75	0.75				
0.5	0	0.75	0.75				
-0.5	-0.5	0.75	0.75				
0	-0.5	0.75	0.75				
0.5	-0.5	0.75	0.75				
-1	-0.75	0.75	0.75				
-0.5	-0.75	0.75	0.75				
0	-0.75	0.75	0.75				
0.5	-0.75	0.75	0.75				
1	-0.75	0.75	0.75				

Results of the simulation for $N = 200$

ϕ_1	ϕ_2	θ_1	θ_2	MSE(ARMA)	MSE(AR)	MSE(tr)	MSE(OM)
0	0.5	0	0				
-0.5	0	0	0			0.986	0.986
0	0	0	0				
0.5	0	0	0	1.024	1.024		
-0.5	-0.5	0	0				
0	-0.5	0	0			0.995	0.995
0.5	-0.5	0	0				
-1	-0.75	0	0				
-0.5	-0.75	0	0			0.993	0.993
0	-0.75	0	0			0.994	0.994
0.5	-0.75	0	0			0.993	0.993
1	-0.75	0	0				
0	0.5	0	0.75			1.344	1.344
-0.5	0	0	0.75				
0	0	0	0.75				
0.5	0	0	0.75				
-0.5	-0.5	0	0.75				
0	-0.5	0	0.75				
0.5	-0.5	0	0.75				
-1	-0.75	0	0.75			1.408	1.408
-0.5	-0.75	0	0.75				
0	-0.75	0	0.75				
0.5	-0.75	0	0.75				
1	-0.75	0	0.75				
0	0.5	0.75	0	1.027	1.027	0.987	0.987
-0.5	0	0.75	0				
0	0	0.75	0				
0.5	0	0.75	0				
-0.5	-0.5	0.75	0				
0	-0.5	0.75	0				
0.5	-0.5	0.75	0				
-1	-0.75	0.75	0			1.309	1.309
-0.5	-0.75	0.75	0			1.362	1.362
0	-0.75	0.75	0				
0.5	-0.75	0.75	0				
1	-0.75	0.75	0				
0	0.5	0.75	0.75				
-0.5	0	0.75	0.75				
0	0	0.75	0.75				
0.5	0	0.75	0.75				
-0.5	-0.5	0.75	0.75				
0	-0.5	0.75	0.75				
0.5	-0.5	0.75	0.75				
-1	-0.75	0.75	0.75				
-0.5	-0.75	0.75	0.75				
0	-0.75	0.75	0.75				
0.5	-0.75	0.75	0.75				
1	-0.75	0.75	0.75			1.695	1.695