Cointegration Test for Household Saving Equations

Test of Cointegration : Augmented Engle-Granger [AEG] Test#
Lag = 1
Time Period : 1970-71 to 2003-04

Dependent Variable	Equation£	ADF Test statistic for Residual@			Inference on cointegration
		Level	*First Difference*	*Order of Integration*	
Log HHS	1	-3.699*	-	I [0]	Cointegration
	2	-3.863*	-	I [0]	Cointegration
	3	-3.637*	-	I [0]	Cointegration
Log FA	1	-4.782*	-	I [0]	Cointegration
	2	-5.155*	-	I [0]	Cointegration
Log CUR	1	-4.112*	-	I [0]	Cointegration
	2	-5.012*	-	I [0]	Cointegration
Log DD	1	-4.584*	-	I [0]	Cointegration
	2	-4.269*	-	I [0]	Cointegration
Log TD	1	-4.084*	-	I [0]	Cointegration
	2	-4.295*	-	I [0]	Cointegration
Log LF	1	-2.725*	-	I [0]	Cointegration
	2	-4.677*	-	I [0]	Cointegration
	3	-5.035*	-	I [0]	Cointegration
Log $HH_{sh}$$	1	-0.758	-2.605**	I [1]	No Cointegration
	2	-2.281**	-	I [0]	Cointegration
		Mackinnon Critical Values : 1% = -2.645 5% = -1.953 10% = -1.622			

ADF test equation for unit root test of residual is without a constant and trend.

£ All models include variables that are integrated to the order one i.e. I[1] stationary variables.

@ Significance is based on Mackinnon critical values for rejection of hypothesis of a unit root.

* = Significant at 1% ** = Significant at 5% *** = Significant at 10%

$ Time period for the analysis of household investment in shares and debentures is 1970-71 to 1998-99.

Mackinnon Critical Values for Log HH_{sh} :	1%	5%	10%
Model 1 :	-3.359	-2.019	-1.652
Model 2 :	-2.697	-1.960	-1.625