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**Empirical Comparisons of the Functional Forms of
Intertemporal Demand Systems**

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ABSTRACT

Abstract of thesis entitled “Empirical Comparisons of the Functional Forms of Intertemporal Demand Systems”, submitted by Gao Long (M-B1-5639-9) for the degree of Master of Social Sciences in Economics at the University of Macau in June 2014.

This study analyzes the consumer behavior empirically from both Micro and Macro levels. Based on the framework of intertemporal two-stage demand theory, we jointly estimated six demand systems and the associated Euler equations using annual US time series data. To measure the performances of these different demand systems, we applied several information criteria. The best fitted model is then used to estimate income and price elasticities, and the coefficient of relative risk aversion.

Results show that all six models performed well on explaining the budget shares, and most criteria provide evidence that the Almost Ideal Demand System (AIDS) is the best fitted model.

Keywords: Dual theory; Intertemporal demand system; Euler equations; Model selection; Elasticities

DECLARATION

I declare that this thesis represents my own work, except where due acknowledgement is made, and that it has not been previously included in a thesis, dissertation or report submitted to this University or to any other institution for a degree, diploma or other qualification.

Signed _____

Dated _____



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