

MFSS(E)

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**Modeling the Intertemporal Demand for Monetary
Assets: An Application to Australia**

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ABSTRACT

Abstract of thesis entitled "Modeling the Intertemporal Demand for Monetary Assets: An Application to Australia", submitted by Zhao Fei (M-B4-5616-5) for the degree of Master of Social Sciences in Economics at the University of Macau in November 2016.

This dissertation analyzes the intertemporal demand for monetary assets, based on the intertemporal two-stage budgeting procedure. Three demand systems and the corresponding Euler equations are jointly estimated using Australia annual data. In addition, different types of elasticities are calculated to investigate the substitutability among monetary assets. Nested and non-nested tests are applied to examine the performances of these different demand systems. Results show that the Quadratic Almost Ideal Demand System (QUAIDS) outperforms the Almost Ideal Demand System (AIDS) and the Modified Almost Ideal Demand System (MAIDS).

Keywords: Demand System, Intertemporal Two-Stage Budgeting Procedure, Euler Equation

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