Corrigendum for

Generalized Method of Moments

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Chapter 1

- *p.4* : In Table 1.1, Longstaff and Schwartz (1991) should read Longstaff and Schwartz (1992).

Chapter 2

- *p.37* : equation (2.11) should read $\hat{\theta}_T = (T^{-1}(Z'X)^{-1}(T^{-1}Z'y)$.

Chapter 3

- *p.50* : "two step" should read "two-step".
- *p.54* : In Footnote 6, the derivative should read: $\partial f(v_t, \theta)/\partial\theta' = -z_t x_t'$.
- *p.56* : In line 2, "effect" should read "affect".
- *p.56* : In the last line, "form" should read "from".
- *p.59* : In line 13, "of of" should read "of".
- *p.82* : In Table 3.4, "1.4117" should read "1.1447". (The latter was used in all computations.)
- *p.115* : In line 22, "estimator, necessitates" should read ""estimator necessitates".

Chapter 4

- *p.123* : In lines 4-8, the first line of the displayed equation should read

$$H_{2,T}(1) \;=\; (\mu_*^{'} W_T \otimes I_p)\text{vec}\{T^{1/2}[G_T(\hat{\theta}_T) - G_T(\theta_*)]'\}$$

  The other two lines in the displayed equation are correct but the three lines that follow should read:

$G_T^{(2)}(\hat{\theta}_T, \theta_*, \phi_T)$ is the $pq \times p$ matrix whose i^{th} row is the corresponding row of $(\partial/\partial\theta')vec\left[\{\partial f(v_t, \tilde{\theta}_T^{(i)})/\partial\theta'\}'\right]$ with $\tilde{\theta}_T^{(i)} = \phi_T^{(i)}\hat{\theta}_T + (1-\phi_T^{(i)})\theta_*$, $0 \leq \phi_T^{(i)} \leq 1$, and ϕ_T is the $pq \times 1$ vector with i^{th} element $\phi_T^{(i)}$.

Chapter 5

- *p. 177* : In the bottom line, "1959:3-1979:9" should read "1959:4-1979:9".

Chapter 6

- *p. 212* : The first displayed equation in Section 6.2.2 and the following sentence should read:

$$c_T \;=\; c_{0,T} \;+\; c_{1,T}T^{-1/2} \;+\; c_{2,T}T^{-1} \;+\; c_{3,T}T^{-3/2}\ldots$$

  The limiting behaviour of c_T is governed by the lead or first term of the expansion $c_{0,T}$, and this gives rise to the terminology.

Chapter 10

- *p. 351* : The third displayed equation should read:

$$\bar{\pi} \;=\; max_{\pi\in\Pi}\sum_{t=1}^{T} ln[\pi_t] \qquad \text{subject to}\sum_{t=1}^{T}\pi_t \;=\; 1 \text{ and } \sum_{t=1}^{T}\pi_t\tilde{v}_t \;=\; 0$$

  and equation (10.15) should read:

$$(\tilde{\pi}, \tilde{\theta}) \;=\; max_{\pi\in\Pi,\theta\in\Theta}\sum_{t=1}^{T} ln[\pi_t] \qquad \text{subject to}\sum_{t=1}^{T}\pi_t \;=\; 1 \text{ and } \sum_{t=1}^{T}\pi_t f(\tilde{v}_t, \theta)$$

- *p.352* : The displayed equation should read:

$$LR - EL \;=\; 2\{ELLF_T(\hat{\pi}) \;-\; ELLF_T(\tilde{\pi})\}$$

References

- *p. 360* : The sixth reference down should read:

  Andrews, D. W. K. and Ploberger, W. (1995). 'Admissibility of the Likelihood Ratio test when a nuisance parameter is present only under the alternative', *Annals of Statistics*, 23: 1609-29.

- *p.369* : The second to last reference should read:

  Gallant, A. R., Hsieh, D. A. and Tauchen, G. (1997). 'Estimation of stochastic volatility models with diagnostics', *Journal of Econometrics*, 81: 159-92.

- *p.370* : The second reference should read:

  Gallant, A. R., and Tauchen, G. (1996). 'Which moments to match?', *Econometric Theory*, 12: 657-681.

- *p.373* : The third to last reference should read:

  Hansen, L. P., and Hodrick, R. J. (1980). 'Forward exchange rates as optimal predictors of future spot rates', *Journal of Political Economy*, 88: 829-53.

- *p.377* : The eighth reference should read:

  Longstaff, F. A. and Schwartz, E. S. (1992). 'Interest rate volatility and the term structure: a two factor general equilibrium', *Journal of Finance*, 47: 1259-8281.

- *p.384* : The seventh reference should read:

  Sowell, F. (1996). 'Optimal tests of parameter variation in the Generalized Method of Moments framework', *Econometrica*, 64: 1085-1108.