

Wavelets in Economics and Finance: Past and Future

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March 26th, 2002

Abstract

In this paper I review what insights we have gained about economic and financial relationships from the use of wavelets and speculate on what further insights we may gain in the future. Wavelets are treated as a “lens” that enables the researcher to explore relationships that previously were unobservable.

Keywords: Wavelets, time scale, forecasts, oscillating frequencies, denoising, consumption function, income velocity, time varying delays

JEL classification: C14, C52

*The financial support of the C.V.Starr Center for Applied Economics is gratefully acknowledged.