

EconWorld2019@Seville

Characterizing the Manufacturing Asymmetries in the UK

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ABSTRACT

The study utilizes expectation maximization (EM) algorithm together with nonlinear filtering to estimate model parameters and provide maximum likelihood estimates for the UK manufacturing industry. The study employs seasonally adjusted manufacturing industry production indices at monthly level that covers the periods between January 2005 and December 2015 to analyze the nonlinearities and asymmetric behaviors in the UK business cycle with changes in the industrial structure of the UK economy.

KEYWORDS Markov Switching Models; UK Manufacturing Industry

JEL C32, L60