

ECONOMETRIC MODELING OF PANEL DATA ON THE SAVING PATTERNS OF
PHILIPPINE AGRICULTURAL HOUSEHOLDS

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Submitted to the
SCHOOL OF STATISTICS
University of the Philippines Diliman
In partial fulfilment of the requirements
for the degree of

MASTER OF STATISTICS

April 2011

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Abstract

This study mainly aims to identify significant determinants of Philippine agricultural household saving using aggregate (regional) household panel data from the Family Income and Expenditure Survey (FIES) (1991 to 2006). Guided by the life-cycle model and analyses using the two-way error component fixed effects panel data model, the study estimates two econometric models which determine the relationship of agricultural saving with the said determinants. As the focus of this study is on agricultural households, another focus of this study is to consider expenses on durable goods as part of agricultural households' saving.

Results indicate that age, self-employment of household head, land distribution, and young dependency rate are significant determinants of agricultural household saving. Self-employment, however, is significant only in the original definition of saving, which does not involve expenses on durable goods. In addition, time and cross-section fixed effects suggest that there are certain years and regions which had less agricultural household saving. Such findings have important implications on not only agricultural households themselves, but also Philippine economy and the possible actions of regulatory bodies concerned.