Econometrics

Lecture 2: The Problem of Estimation in Simple Regression

Quiz

1. What describe the relationship between two or more variables?

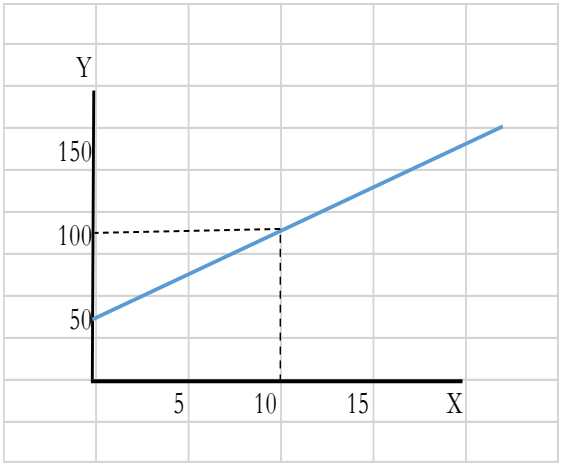
A. Independent Variable

C. Simple Regression

B. Dependent Variable

D. Multiple Regression

2. Refer to the graph to answer question 2.



(i) What is the slope?

A. 5

C. 10

B. 15

D. 8

(ii) What is the intercept?

A. 150

C. 100

B. 50

D. 10

3. Which is not a characteristic of linear regression?

A. Linearity in variable

C. Independent variable may or not linear

B. Linearity in Perimeter

D. Stochastic variable is a systematic component

4. The method of Ordinary Least Squares (OLS) chooses the perimeter $\hat{\beta}_1$ and $\hat{\beta}_2$ to be _____ to minimize the error

A. Constant

C. Small

B. Large

D. B and C

5. E(Ui|Xi) = 0 implies:

A. Stochastic variable and explanatory variable has a constant relationship

B. Stochastic variable and independent variable has a positive relationship

C. Stochastic variable and dependent variable has no relationship

D. stochastic variable and independent variable has no relationship

6. The expectation of expenditure given income, price in this situation is the:

A. Independent variable

C. Dependent variable

B. Stochastic disturbance term

D. β_1 and β_2 term

7. Residual Sum of squares is the?

A. Σyi^2

C. Σui^2

B. $\Sigma xiyi$

D. Σxi^2

8. Which is the BLUE estimator?

A. Normal distribution with 3 S.D

C. Normal distribution with 2 S.D

B. Normal distribution with 1 S.D

D. None of the above

9. Goodness of Fit is measured by;

A. β_1

C. r^2

B. β_2

D. TSS

10. What is multicollinearity?