This represents the price of the stock you want to analyse to decide whether to invest in one of the two assets or both.

To the above aim, perform the following task:

* **Test** the hypothesis that the intercept is equal to zero. T - test
* **Test** the hypothesis that the beta coefficient is equal to one. T - test
* **Test** the joint hypothesis that the intercept is equal to zero and that the beta coefficient is equal to one. F - test
* **Perform** diagnostic testing.

You will be given some data in association with an economic theory, for which you must estimate the coefficients of interest in the classical linear regression model. You will be asked to conduct a series of hypothesis and diagnostics tests before summarising your results in a short essay (1,000 words).

**Review criteria**

**less**

You will be graded on your ability to:

● choose the appropriate test

● perform the test on the intercept

● perform the test on the beta coefficient

● perform the test on the intercept and the beta coefficient

● choose the appropriate diagnostic test.

Has your peer tested whether the intercept is equal to zero using the t test?

|  |  |  |
| --- | --- | --- |
|  | 0 points  No |  |
|  | 1 point  Yes |  |

Has your peer correctly performed the t-test for whether the intercept is equal to zero?

|  |  |  |
| --- | --- | --- |
|  | 0 points  No |  |
|  | 1 point  Yes |  |

Has you peers tested the hypothesis that the intercept is equal to zero and that that the beta coefficient is equal to 1?

|  |  |  |
| --- | --- | --- |
|  | 0 points  No |  |
|  | 1 point  Yes |  |

Has your peer performed the test with the F test?

|  |  |  |
| --- | --- | --- |
|  | 0 points  No |  |
|  | 1 point  Yes |  |

Has your peer correctly performed the F-test?

|  |  |  |
| --- | --- | --- |
|  | 0 points  No |  |
|  | 1 point  Yes |  |

Has your peer tested for linearity?

|  |  |  |
| --- | --- | --- |
|  | 0 points  No |  |
|  | 1 point  Yes |  |

Has your peer tested for autocorrelation?

|  |  |  |
| --- | --- | --- |
|  | 0 points  No |  |
|  | 1 point  Yes |  |

Has your peer tested for heteroscedasticity?

|  |  |  |
| --- | --- | --- |
|  | 0 points  No |  |
|  | 1 point  Yes |  |

Has your peer tested for normality?

|  |  |  |
| --- | --- | --- |
|  | 0 points  No |  |
|  | 1 point  Yes |  |

Has your peer discussed multicollinearity?

|  |  |  |
| --- | --- | --- |
|  | 0 points  No |  |
|  | 1 point  Yes |  |

Has your peer discussed endogeneity?

|  |  |  |
| --- | --- | --- |
|  | 0 points  No |  |
|  | 1 point  Yes |  |