

FINM3123 Introduction to Econometrics

Chapter 01

Class exercises

Multiple Choice Questions

1. Econometrics is the branch of economics that _____.
 - a. studies the behavior of individual economic agents in making economic decisions
 - b. develops and uses statistical methods for estimating economic relationships
 - c. deals with the performance, structure, behavior, and decision-making of an economy as a whole
 - d. applies mathematical methods to represent economic theories and solve economic problems.
2. A data set that consists of a sample of individuals, households, firms, cities, states, countries, or a variety of other units, taken at a given point in time, is called a(n) _____.
 - a. cross-sectional data set
 - b. longitudinal data set
 - c. time series data set
 - d. experimental data set
3. A data set that consists of observations on a variable or several variables over time is called a _____ data set.
 - a. binary
 - b. cross-sectional
 - c. time series
 - d. experimental
4. Which of the following refers to panel data?
 - a. Data on the unemployment rate in a country over a 5-year period
 - b. Data on the birth rate, death rate and population growth rate in developing countries over a 10-year period.
 - c. Data on the income of 5 members of a family on a particular year.
 - d. Data on the price of a company's share during a year.

5. Which of the following is a difference between panel and pooled cross-sectional data?
- a. A panel data set consists of data on different cross-sectional units over a given period of time while a pooled data set consists of data on the same cross-sectional units over a given period of time.
 - b. A panel data set consists of data on the same cross-sectional units over a given period of time while a pooled data set consists of data on different cross-sectional units over a given period of time
 - c. A panel data consists of data on a single variable measured at a given point in time while a pooled data set consists of data on the same cross-sectional units over a given period of time.
 - d. A panel data set consists of data on a single variable measured at a given point in time while a pooled data set consists of data on more than one variable at a given point in time.

True or False

6. A cross-sectional data set consists of observations on a variable or several variables over time.
7. The notion of *ceteris paribus* means “other factors being equal.”