Financial Econometrics. In-Class exercise. Name (ID):

March 22, 2024

1. What is the definition of forecast error?

2. How do you normlize the forecast error and specify its distribution?

3. How do you derive the forecast interval for $\beta_1 + \beta_2 x_0$?

4. Write down the slope and elasticity for the following three models:

   (a) The log-linear model
   (b) The linear-log model
   (c) The log-log model