

Warm-up exercise: Lecture 1-5

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Question 1

Econometrics can be defined as follows with the exception of

- A the science of testing economic theory.
- B fitting mathematical economic models to real-world data.
- C a set of tools used for forecasting future values of economic variables.
- D measuring the height of economists.

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Answer: D

Question 2

The conditional expectation of Y given X , $E(Y | X = x)$, is calculated as follows:

- A $\sum_{i=1}^n Y_i Pr(X = x_i | Y = y)$
- B $E(E(Y | X))$
- C $\sum_{i=1}^n y_i Pr(Y = y_i | X = x)$
- D $\sum_{i=1}^n E(Y | X = x_i) Pr(X = x_i)$

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Answer: C

Question 3

Assume that Y is normally distributed $N(\mu, \sigma^2)$. Moving from the mean (μ) 1.96 standard deviations to the left and 1.96 standard deviations to the right, then the area under the normal p.d.f. is

- A 0.67
- B 0.05
- C 0.95
- D 0.33

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Answer: C

Question 4

A large p-value implies

- A rejection of the null hypothesis.
- B a large t-statistic.
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Answer: D