

Financial Econometrics
Problem Set 1
Due Date: Wednesday 13th Sep, in Class

1. Textbook: A.7, B.2, B.5, C.1, C.6
2. R Questions: (give the R output and the commands used)
 - a. In R, generate a sample of size $N = 1,024$ from the exponential distribution with rate parameter $r = 0.2$. Call X the vector containing the sample values. 2. Plot the density of the distribution of X , and a histogram of X .
 - b. Repeat the question above for Normal Distribution, t-distribution and gamma distribution.
 - c. Write the built-in data set [EuStockMarkets](#) (which contains of the daily end prices of various stock price indices) to a Tab-separated text file with `write.table`. View it with a text editor (depending on your system). Change the NA value to . (period), and read the changed file back into R with a suitable command (you may use `read.table` or `read.excel` or any suitable command). Find the summary statistics (mean median, variance, standard deviation and correlations) of various indices in R. Plot each of the histograms.