4.4(a)

The linear coefficients are:

(b)

MSE2000 = 1.3902e+04= 13902

MSE2001 = 2.9851e+03 = 2985.1

I would not recommend this linear model for stock market prediction, because the MSE in the training set is larger than that in the test set, which implies this linear model is truly bad for stock market prediction· prediction.