

# Empirical Methods for Applied Micro

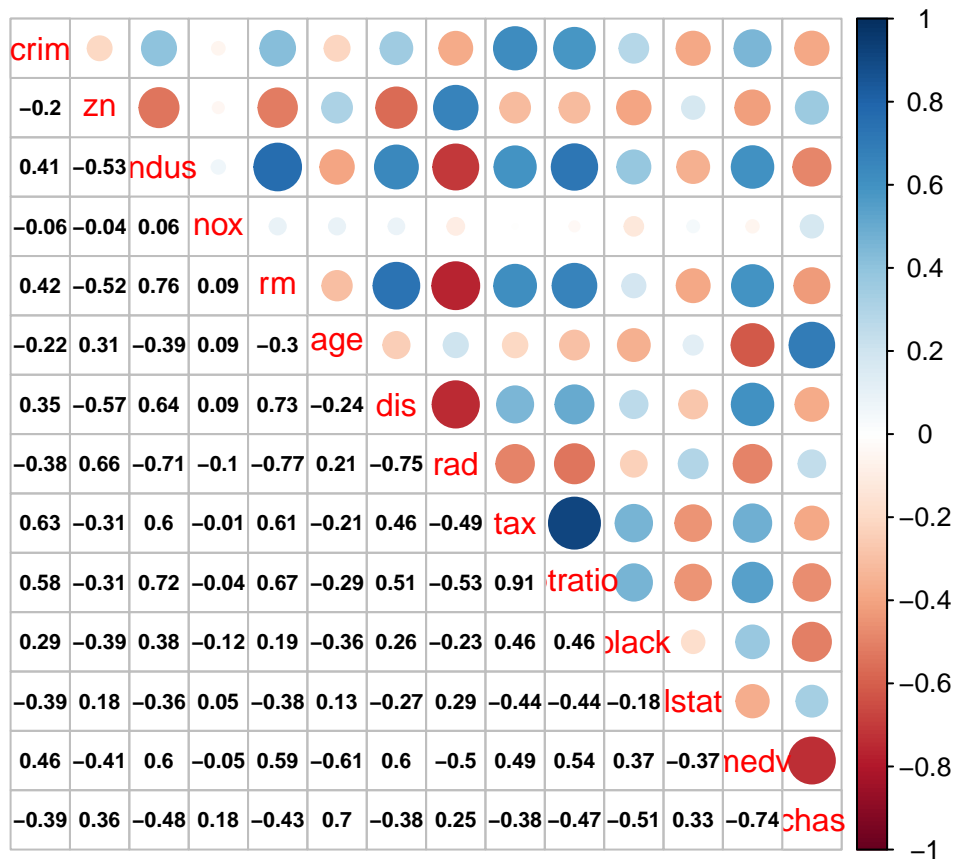
## Problem Set 3

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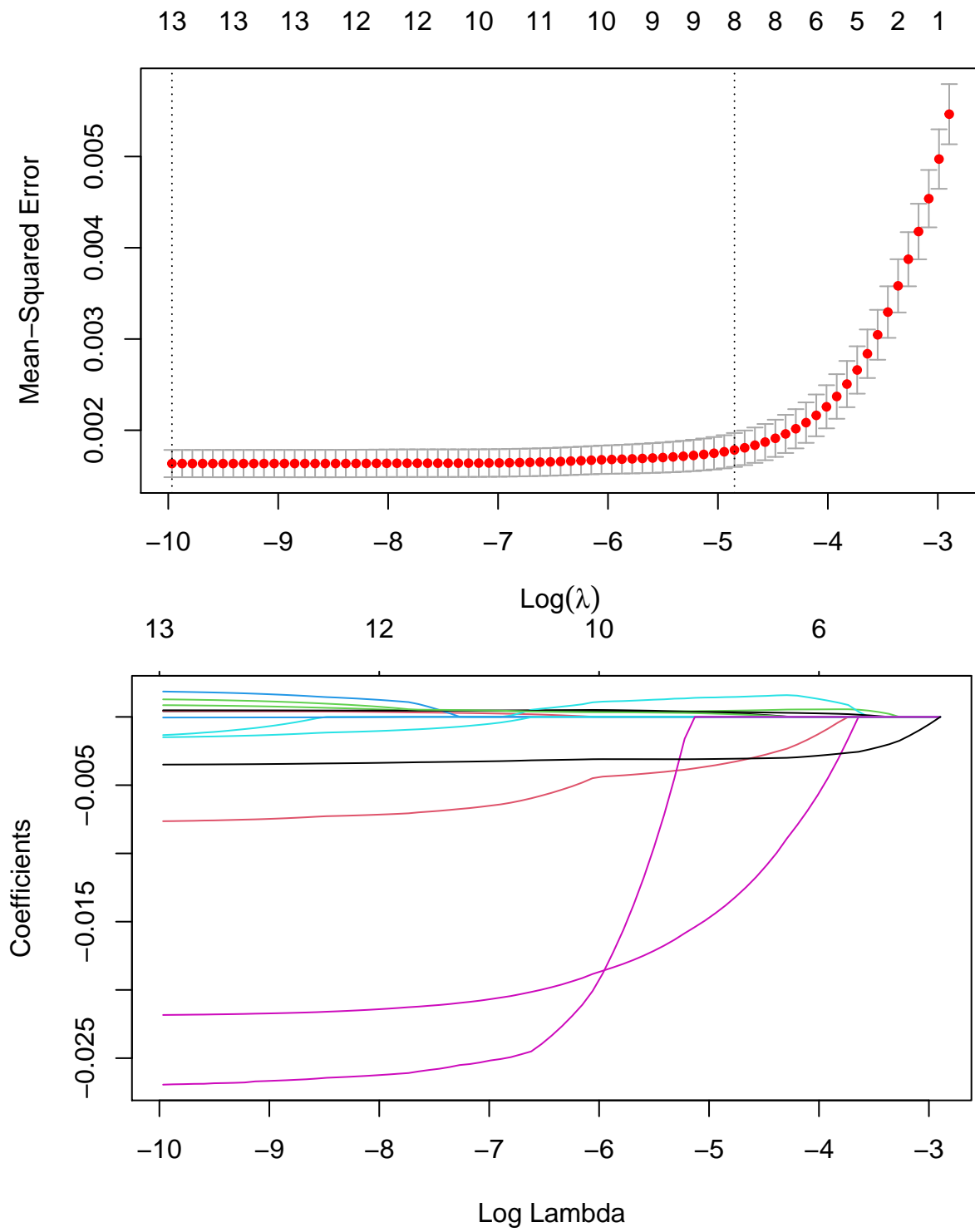
### Binned Scatterplot

#### 1. How correlated are the variables?

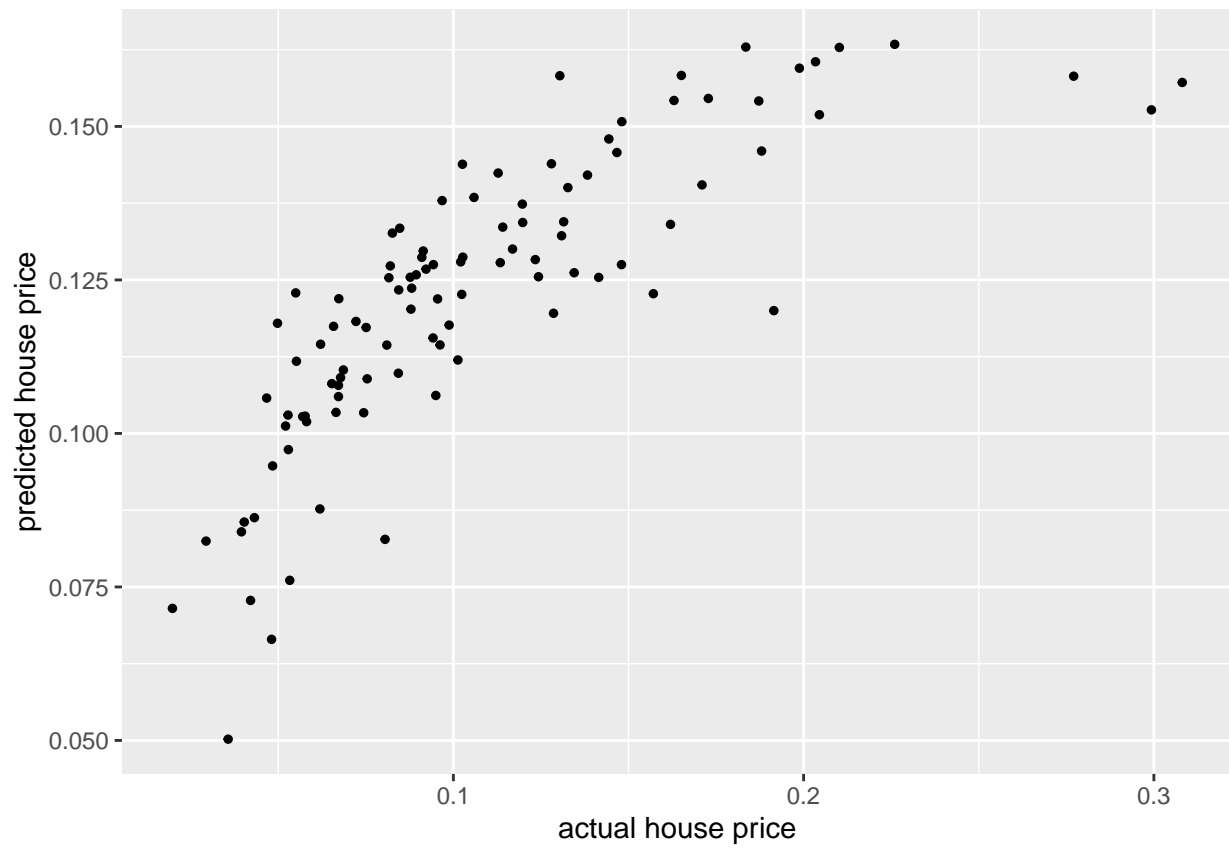


2. Estimate the original HR

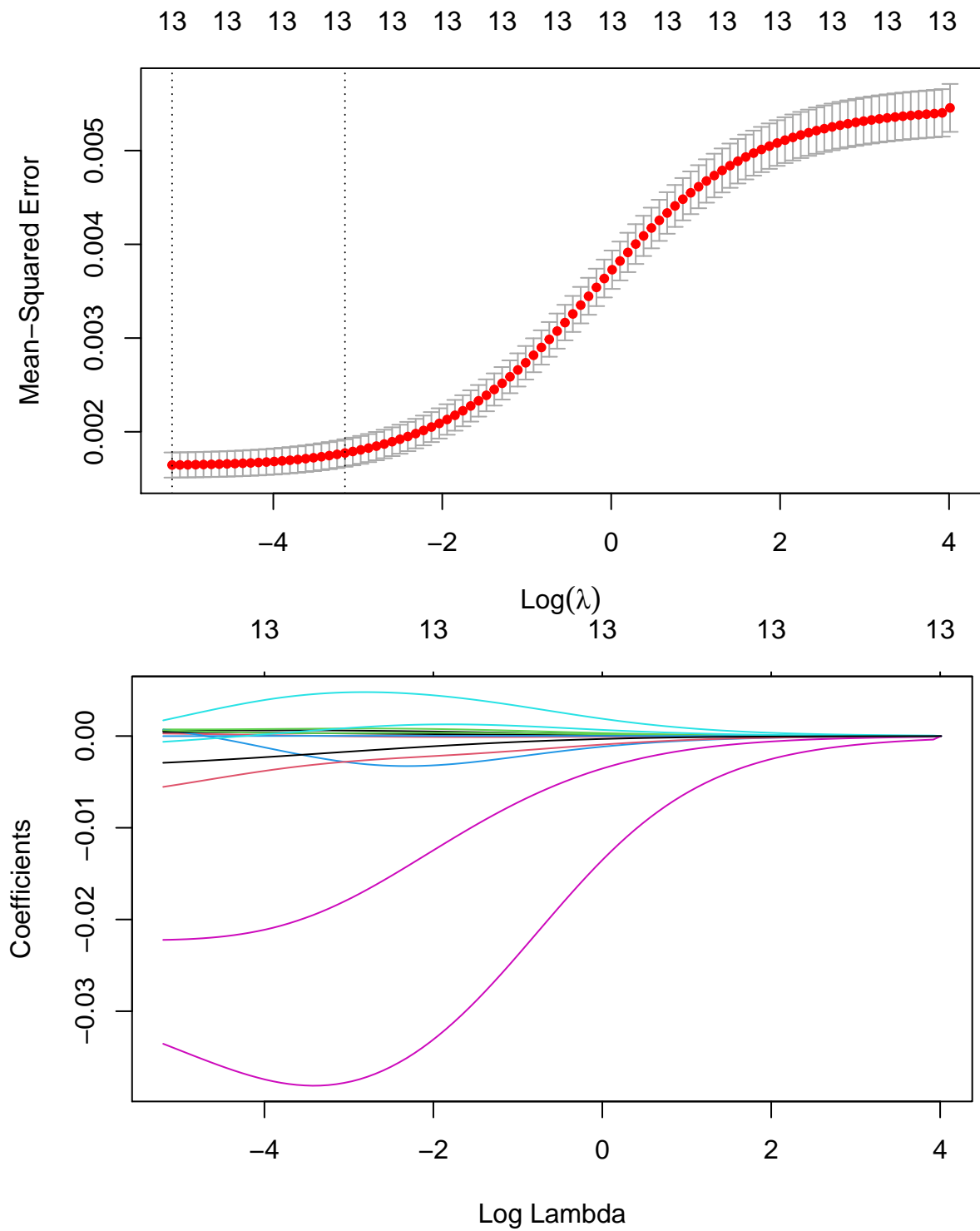
3. LASSO Regression

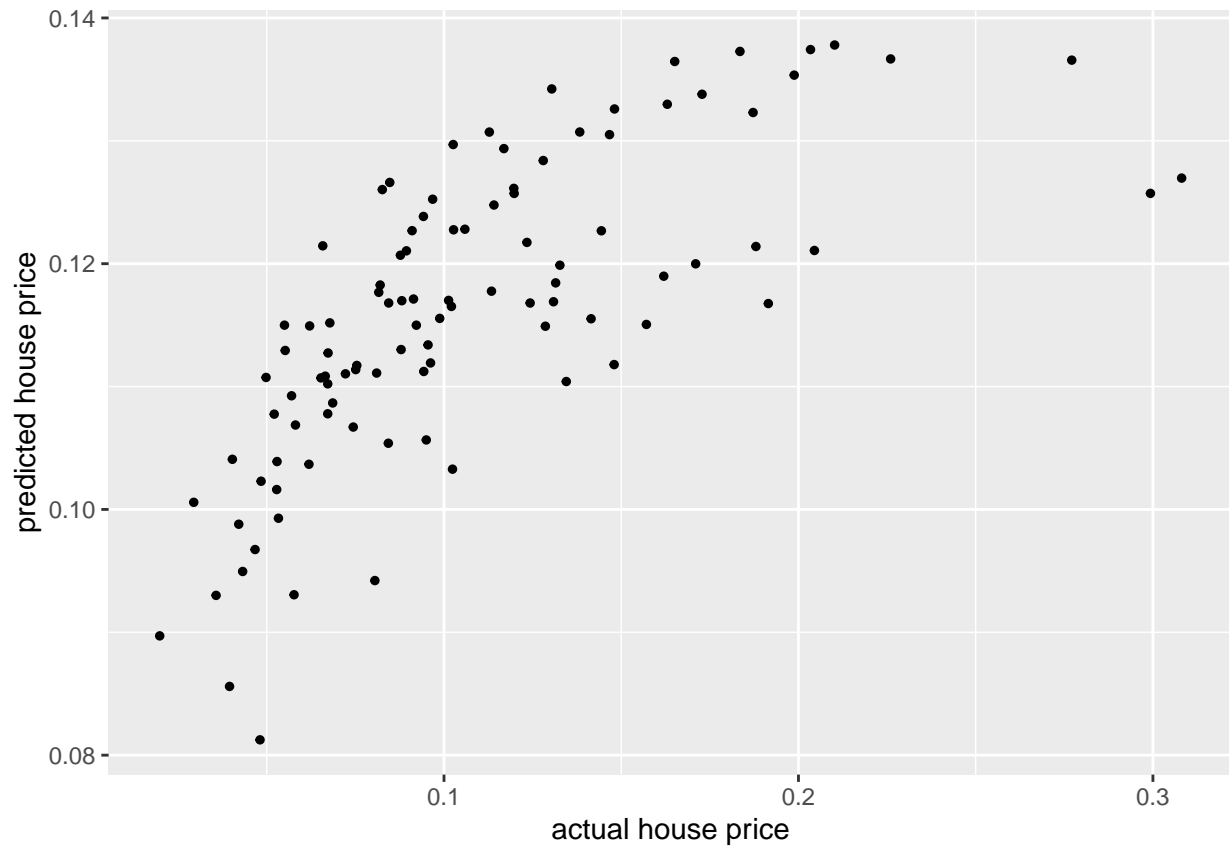


Predicted vs. Actual values



### 3. Ridge Regression





#### 4. LASSO on expanded data set

Models' evaluation