

1. **Problem**

Consider the following regression results:

Describe how the response  $y$  depends on the regressor  $x$ .

**Solution**

The presented results describe a log-log regression.

The mean of the response  $y$  increases with increasing  $x$ .

If  $x$  increases by 1 percent then a change of  $y$  by about 0.29 percent can be expected.

However, the effect of  $x$  is *not* significant at the 5 percent level.