

**ECON 6010 Statistical Methods**  
**Assignment 3**  
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**Due in Drop-Box: Tuesday 10/09/2018 at 11:55 PM**

**Grunfeld Investment Data, 10 Firms, 20 Years (1935-1954)**

**Variables in the file are:**

Firm = Firm ID, 1,...,10

Year = 1935,...,1954

$I$  = Investment

$F$  = Real Value of the Firm

$C$  = Real Value of the Firm's Capital Stock

Efficient Method of Estimating Seemingly Unrelated Regression Equations and Tests for Aggregation Bias," *Journal of the American Statistical Association*, 57, 1962, pp. 348-368 for analyses of these data.

**Use SATA to answer the following:**

- 1. Generate the best fit model**
- 2. Test for NIID for regression in 1 and discuss results**
- 3. Generate necessary graphs (your choice).**

**Submit:**

- 1. One page do file**
- 2. A word document that includes:**
  - (a) Regression results**
  - (b) NIID test results**
  - (c) Necessary graphs**

• **Hint:**

- 1. DW-stsat is not efficient when lags are used; use durbina instead**
- 2. If you create dummy variables, make sure you explain your reasoning.**