

Problem Set #5

Econ 899, Fall 2021

Heejin Yoon

October 20, 2021

- The converged coefficients (a_0 , a_1 , b_0 , and b_1) and the goodness of fit (R^2) are presented below:
 - $a_0 = 0.054459928781418906$
 - $a_1 = 0.9882358464474827$
 - $b_0 = 0.1458835406883102$
 - $b_1 = 0.9621340815873807$
 - $R^2_{good\ state} = 0.9882645348939965$
 - $R^2_{bad\ state} = 0.9984270105221968$