

ECON 7115

Assignment 2

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1 1-step GMM Estimation

The origin θ

$$\begin{bmatrix} 1 \\ 4.5 \\ 3.3 \\ 0 \\ -10 \\ -0.1 \end{bmatrix}$$

The estimated θ

$$\begin{bmatrix} 0.7342 \\ 3.7326 \\ 2.7865 \\ 0.1032 \\ -8.2849 \\ -0.1400 \end{bmatrix}$$

2 Weighting Matrix

$$\begin{bmatrix} 0.0001 & 0.0005 & 0.0004 & 0.0000 & -0.0012 & -0.0000 \\ 0.0005 & 0.0033 & 0.0025 & 0.0001 & -0.0073 & -0.0001 \\ 0.0004 & 0.0025 & 0.0019 & 0.0000 & -0.0055 & -0.0001 \\ 0.0000 & 0.0001 & 0.0000 & 0.0000 & -0.0001 & -0.0000 \\ -0.0012 & -0.0073 & -0.0055 & -0.0001 & 0.0160 & 0.0001 \\ -0.0000 & -0.0001 & -0.0001 & -0.0000 & 0.0001 & 0.0000 \end{bmatrix}$$