MM6761: Take-home Assignment 5

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1 Rust (ECMA 1987)

Compute the Harold Zurcher model.

- Use the parameter estimates θ from the top of Table X in Rust's (1987) paper.
- Compute $EV(x, i; \theta)$ using the value iteration procedure, described in Rust paper.
- Graph $EV(x, i; \theta)$, separately for $i = 0, 1$.

2 Soysal and Krishnamurthi (MKSC 2012)

What's the main innovation in S & K (2012)? What are the challenges that the innovation imposes on estimation of the model, and how the authors handle the challenges?

3 Yao, Tang, and Chu (MKSC 2023)

What's the main innovation in Yao et al. (2023)? What are the challenges that the innovation imposes on estimation of the model, and how the authors handle the challenges?

Notes on submission:

- You may feel Question 1 is too daunting now. Please give it up if so. (Some of you) will learn the skills later in your career I believe.
- Please keep your answer to each section to be within 1 page.
- Please submit your answer to Learn at PolyU before due.
- When asked to "specify" a model, usually you need to write down the key mathematical formulas of that model.