

Homework Solutions

Applied Regression Analysis

WEEK 4

Exercise Five: Determine and Compare

- What proportion of the variation in $\ln Y$ is explained by the straight-line regression of $\ln Y$ on X ?

Again, we can determine the proportion of the total variation in $\ln Y$ explained by the regression models by the R^2 value within the STATA output of the fitted regression.

$$R^2_{X \text{ on } \ln(Y)} = 0.9965$$

- Compare this result with that obtained in Exercise Three for the quadratic regression of $\ln Y$ on X .

[Discuss this in the homework forum](#)