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Introduction to Local Linear Regression - Quiz

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Question 1

1/1 point (graded)

Why might defining piece-wise linear variables perform better than approximation using dummy variables?

- ☐ a. Coefficients become easier to interpret
- ☐ b. Accounts for omitted variable bias
- ☐ c. Less concern about multicollinearity
- ☒ d. More accurately modeling complex/flexible functional forms ✓

Explanation

Simply approximating with the dummies creates artificial discrete steps. Piece-wise linear variables will estimate lines at each interval, which can better reflect smooth complex functional forms.

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Discussion

Topic: Module 10 / Introduction to Local Linear Regression - Quiz

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Regressions, and Omitted Variable Bias

Practical Issues in Running Regressions

due Dec 5, 2016 05:00 IST



Omitted Variable Bias

due Dec 5, 2016 05:00 IST



Module 10: Homework

due Nov 28, 2016 05:00 IST



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