NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2017_2 EXAMINATION JANUARY/FEBRUARY 2018

COURSE TITLE: APPLIED ECONOMETRICS II
COURSE CODE: ECO 453
UNITS: 2
TIME ALLOWED: 2 HOURS

INSTRUCTION: ANSWER ANY THREE (3) QUESTIONS. ALL QUESTIONS CARRY EQUAL MARKS

QUESTION 1

(a) What do you understand by the phrase "econometric research"?. 7 marks

(b) Discuss the properties of a good econometric model 16 marks

QUESTION 2

(a) Given the following data on the demand of commodity (Yam) and the given prices.

NO	1	2	3	4	5	6	7	8
Yam (Y_i)	64	68	44	48	50	65	45	52
Price (X_i)	8	10	6	9	6	10	7	8

Find the demand function of β_o and β_1 13 marks

(a) Explain the Stochastic Process 10 marks

QUESTION 3

(a) What is nonlinear regression? 5 marks

(b) List and explain examples of nonlinear regression models 18 marks

QUESTION 4

(a) Discuss the importance of panel data 15 marks

(b) Distinguish between fixed and random effect 8 marks

QUESTION 5

(a) State the criteria can be used to select the optimum lag of the above ARDL modeling:

6 marks

(b) Given the output result of E-View of Real Growth Domestic Product (RGDP) and other macroeconomic variables using two stage least squares. Use the knowledge of Applied Econometrics to interpret the result and the economics implication of the result. **17 marks**

Dependent Variable: Y
Method: Two-Stage Least Squares
Date: 11/15/17 Time: 02:44
Sample: 1 31
Included observations: 31
Instrument specification: Y C GC I

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	10.27119	0.059970	171.2734	0.0000
GC	-0.082685	0.027774	-2.977069	0.0059
I	0.172839	0.031999	5.401455	0.0000

R-squared	0.829625	Mean dependent var	10.92919
Adjusted R-squared	0.817455	S.D. dependent var	0.154102
S.E. of regression	0.065840	Sum squared resid	0.121379
F-statistic	68.17144	Durbin-Watson stat	0.762855
Prob(F-statistic)	0.000000	Second-Stage SSR	0.121379
J-statistic	28.00000	Instrument rank	4
Prob(J-statistic)	0.000000		

Best Wishes!