3 Limited dependent variable

— Being able to explain the difference between an unconditional probability and a conditional probability.

— Being able to perform a statistical test on an unconditional probability.

— Being able to write down the likelihood function of a conditional probability. To do so, I will give you the analytical expressions of the logistic and the Normal cdf function.

— Being able to apply the Newton-Raphson algorithm.

— Being able to explain the 3 steps of the maximum likelihood estimation (see slide 34 : In a Nutshell).

— Being able to perform a likelihood ratio test.

— Being able to choose the best model among a set of models using the AIC and the BIC.