	Mid Semester Test **2008/ 2009**
Module Title: Econometric Modelling (ECON01H02a)	
Module Leader: JP Dunne	Semester **One**
Equipment allowed (for example calculator – dictionaries)	Calculator

Instructions to Students

- *You should attempt all questions.*

This examination is <u>One</u> hour long.

1. Using CONS95.FIT estimate the following regression using Microfit for 1950-80

    GC C GY GP LC(-1) LY(-1) LP(-1)

and present the main results in the form of a Table with space to report the results of another specification –as below. When asked to specify the number of observations for the predictive failure test choose the maximum available

Briefly discuss the model and what these results tell us about the determination of consumption, explaining how we can judge the significance of the individual coefficients. (20%)

2. Briefly explain what the following are (in the Microfit results table) and what they tell us about the regression results:
    i)   R –Squared
    ii) DW-statistic
    iii) F Statistic
    iv) S.E. of the Regression

                                                                                    (20%)

3. Briefly explain what the diagnostic tests E and F are, show how they are computed and briefly explain what they tell us about the regression results (20%)

4. Estimate the regression

    GC C GY GP

Put these results in the Table and compute an F test for the restriction that all of the lagged levels variables are jointly zero. Do the same test using the variable deletion test and report the results. (20%)

5. Briefly reflect on what your findings for questions1-6 imply for the modelling of consumption and how you might continue the analysis. (20%)