

Q1: Ans (i) There are several factors affecting the number of children ever born to a woman including income, age, etc.

It is correlated with the level of education. People who have higher education are older.

Ans (ii) SLR4 is failure because  $u$  is correlated with education.

Q4: Ans (i)  $\widehat{bwght} = 119.77 - 0.574(0) = 119.77$   
 $\widehat{bwght} = 119.77 - 0.574(20) = 109.49$

The effect of smoking on additional 20 cigarettes would cause an estimated  $10.28$  ounce ( $119.77 - 109.49$ ) decrease in the infant birth weight.

Ans (ii) Since the amount of cigarettes is the independent variable and the infant weight is dependent, it implies that there is a cause effect. Nevertheless, they contain other factors to be considered as well like genetics or parent's weight. Smoking habits can partially describe a baby's weight.

Ans (iii)  $125 = 119.77 - 0.574 \text{ cig}$

$\text{cig} = -10.175028$  that is impossible. The highest possible weight according to the model would be its  $p_0$  or intercept which is  $119.77$  ounces.

Ans (iv) To get an accurate sample, we should consider more smokers to get more data points which would generate our regression less limited and more accurate. We need more sample variation in the explanatory variable or SLR3 now since 55% of the sample smoke cigarette is zero ( $\text{cig} = 0$ ). In addition, SLR2 means we need the sample to be a better represent. So we can develop our regression function so it is not as limited and will provide us possibly inaccurate data as same as in (iii).

## Chapter 3

Q1: Ans (i) Yes, it does make sense since if you are top of the class, the "hspere" will be low and top class usually get high "colgpa". Hence, it cause the negative coefficient.

Ans (ii)  $\widehat{\text{colgpa}} = 1.392 - 0.0735(20) + 0.00748(1050)$   
 $= 1.392 - 0.27 + 1.554$   
 $= 2.676$

Ans (iii)  $\widehat{\text{colgpa}} = 1.392 - 0.0735 \text{ hspec} + 0.00748 \text{ sat}$

Thus, increasing in SAT score for 1 mark will make the value of  $\widehat{\text{colgpa}}$  changes for  $0.00748$

$$\frac{\partial \widehat{\text{colgpa}}}{\partial \text{sat}} = 0.00748$$

A is predicted to have a score of  $0.207 = (140)(0.00148)$  higher.

It's quite large if we consider the standard deviation.

Ans (iv)  $0.5 = 0.00748(\text{sat})$

$$\text{sat} = \frac{0.5}{0.00748} = 337.837838$$

We know that about  $337.837838$  in SAT score will make difference in  $0.5$  of a grade point.

Q2: Ans (i) Yes, the higher the number of year, the lower the year of schooling. This is because of the budget constraint.

To hold other things constant,  $\beta_1 = -0.0948168$

$\text{sibj} = 10.638$  to reduce predicted years of education by one year

Ans (ii) If mother's year of schooling rise by 1, the predicted year of school would rise by  $0.131$

Ans (iii) Man A predicted year of education:  $10.36 - 0.094(0) + 0.131(2) + 0.210(12) = 14.452$

Man B predicted year of education:  $10.36 - 0.094(0) + 0.131(16) + 0.210(16) = 15.876$

The predicted difference is  $1.424$