EE 325
Take-home Quiz : Multiple regression (10 points)

Due date: October 27th, 2020 in class

1. A variation of the wage-determination equation is as follows:

$$\hat{W}_t = 1.073 + 5.288V_t - 0.116X_t + 0.054M_t + 0.046M_{t-1}$$
$$(0.797) \quad (0.812) \quad (0.111) \quad (0.022) \quad (0.019)$$

$$R^2 = 0.934 \quad df = 14$$

Where W = wages and salaries per employee
V = unfilled job vacancies in Great Britain as a percentage of the total number of employees in Great Britain
X = GDP per person employed
M = Import prices
M_{t-1} = Import prices in the previous (or lagged) year
(The estimated standard errors are given in the parentheses)

a. Interpret the preceding equation.
b. Test the overall significance of the observed regression.
c. Which of the estimated coefficients are individual statistically significant?

2. Gujarati, D.N. (2009) Basic Econometrics. 5th ed. Singapore, McGraw-Hill. Chapter 7 Questions 7.22 (Show your STATA log-file and answers all questions).