

EE 325

HW 3 Due on April 2 2024 by email (kaewkwan325@gmail.com)

In order to receive HW points from the following questions, students must submit your answer with STATA log file.

Gujarati, D.N. (2004) Basic Econometrics. 4th ed. Singapore, McGraw-Hill.

Chapter 6 Question 6.20

Chapter 7 Questions 7.18, 7.19 and 7.22

Chapter 8 Questions 8.13(a and b), 8.14, 8.18, 8.32

Question 6.20

Refer to Example 3.3 in Chapter 3 to complete the following:

- a. Plot cell phone demand against purchasing power (PP) adjusted per capita income.
- b. Plot the log of cell phone demand against the log of purchasing power (PP) adjusted per capita income.
- c. What is the difference between the two graphs?
- d. From these two graphs, do you think that a double-log model might provide a better fit to the data than the linear model? Estimate the double log model.
- e. How do you interpret the slope coefficient in the double log model?
- f. Is the estimated slope coefficient in the double log model statistically significant at the 5% level?