

EE 325

Quiz : Multiple regression (5 points)

Due date: April 21, 2020 by email. (Please convert to pdf file before you submit)

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

$$\widehat{W}_t = 1.073 + 5.288V_t - 0.116X_t + 0.054M_t + 0.046M_{t-1}$$

(0.797) (0.812) (0.111) (0.022) (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?