

Quiz # 9
Chapter 14
Suggested Answers
Econometrics 06216

Name _____

- Choose the **MOST CORRECT** answer
 - You have 5 minutes to solve out this quiz
1. In a supply and demand specification, we may say that the price and quantity are:
 - a. Simultaneous variables.
 - b. **Endogenous variables.**
 - c. Predetermined variables.
 - d. Instrumental variables.
 - e. None of the above.
 2. A good example of an exogenous variables is:
 - a. Income in the IS-LM model.
 - b. **Income in the Supply and Demand model.**
 - c. Interest rate in the IS-LM model.
 - d. All of the above.
 - e. None of the above.
 3. About a system of simultaneous equations, we can affirm that:
 - a. It is a system of independent equations that determine variables.
 - b. It refers only to a Supply and Demand specification.
 - c. **It is a system of interdependent equations that jointly determine variables.**
 - d. None of the above.
 4. Lagged endogenous explanators are troublesome when:
 - a. The disturbances are serially uncorrelated.
 - b. The disturbances are heteroskedastic.
 - c. **The disturbances are serially correlated.**
 - d. None of the above.
 5. In the simultaneous equations system:
$$Q_i^D = \beta_0 + \beta_1 P_i + \beta_2 I_i + \varepsilon_i$$
$$Q_i^S = \alpha_0 + \alpha_1 P_i + v_i$$
We can say:
 - a. Demand equation is probably overidentified.
 - b. Demand equation is probably exactly identified.
 - c. Supply equation is underidentified.
 - d. **None of the above.**