

Quiz # 7
Chapter 1
Suggested Answers
Group 3
Econometrics 06216

Name _____

- Choose the most correct answer
- You have 5 minutes to solve out this quiz

1. In presence of heteroscedasticity,
 - a. The OLS estimators are biased, inconsistent, and not efficient.
 - b. The OLS estimators are biased, inconsistent, but efficient.
 - c. The OLS estimators are unbiased, consistent and efficient.
 - d. **None of the above.**
2. Which of the following heteroskedasticity tests is the most general?
 - a. Breusch-Pagan test
 - b. Goldfeld-Quandt test.
 - c. Barro test
 - d. **White test.**
3. The Goldfeld-Quandt Test is strictly valid if:
 - a. **The underlying disturbances are normally distributed.**
 - b. The OLS estimators are unbiased.
 - c. The Gauss-Markov Assumptions are satisfied.
 - d. All of the above.
4. Suppose that the variance of the error term is given by $\sigma_i^2 = \sigma^2 Z_i^{1/2}$. Therefore the weight given to each observation employing weighted least squares (WLS) will be:
 - a. $1/Z_i^2$
 - b. $1/Z_i^4$
 - c. **$1/Z_i^{1/4}$**
 - d. $1/Z_i^{1/2}$
5. Which of the following are possible causes of heteroskedacity
 - a. Functional form errors
 - b. Data grouped into unequal size groups
 - c. Omitted variables
 - d. **All the above**