Quiz # 6
Chapter 10
Suggested Answers

Name:

- Choose the **<u>MOST CORRECT</u>** answer
- You have 5 minutes to solve out this quiz

1. About the White Test and the Breusch-Pagan Test, we can affirm that:
   a. Both regress e_i^2 against all explanators.
   b. Both follow a binomial distribution.
   c. Both use an auxiliary equation.
   d. All of the above.
   e. None of the above.
2. 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.
   e. None of the above.

3. Generalized Least Squares estimators have the same attractive properties that OLS provides under the Gauss-Markov Assumptions because:
   a. In presence of Homoskedasticity, they are unbiased and efficient.
   b. In presence of Heteroskedasticity, GLS less heavily weights observations with disturbances that have bigger variances.
   c. In presence of Heteroskedasticity, GLS more heavily weights observations with disturbances that have bigger variances.
   d. None of the above.

4. OLS estimators remain unbiased in presence of Heteroskedasticity because:
   a. It doesn't violate the Central Limit Theorem assumptions.
   b. Homokedasticity is not a relevant assumption.
   c. The unbiasedness condition does not depend on any disturbances assumption.
   d. All of the above.
   e. None of the above.

5. Which of the next statements is true:
   a. You can rely on hypothesis testing in presence of Heteroskedasticity because OLS estimators remain unbiased.
   b. You can rely on hypothesis testing in presence of Heteroskedasticity because OLS estimators remain efficient.
   c. You can't rely on hypothesis testing in presence of Heteroskedasticity because OLS estimators are consistent.
   d. You can't rely on hypothesis testing in presence of Heteroskedasticity because OLS estimators are inconsistent.
   e. None of the above