Quiz # 8
Chapter 11
Suggested Answers
Group 3
Econometrics 06216

Name_____

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

1. The Durbin Watson Test doesn't apply when:
   a. The X's are no stochastic across all samples.
   b. There is no intercept.
   c. The dependent lagged variable is included as a regressor.
   d. b and c.

2. In presence of first order autocorrelation, the OLS estimators:
   a. Remain BLUE
   b. Remain efficient
   c. Are biased but consistent
   d. None of the above.

3. Autocorrelation is a problem of:
   a. Variables that present high correlations between them.
   b. Disturbances with correlations between them.
   c. Coefficients that present high correlations between them.
   d. Dependent and independent variables with correlations between them.

4. Which of the following are not true:
   a. When DW tends towards 4 there is strong positive serial correlation.
   b. There is a serial correlation different to first order.
   c. The Durbin-Watson (DW) test is not the only test that is used to check serial correlation of first order.
   d. When DW tends towards 4 there is strong negative serial correlation.

5. About the negative serial correlation, we can affirm that:
   a. It's the most common correlation for cross-section data.
   b. It means that $Cov\ (\varepsilon_t, \varepsilon_t) > 0$
   c. It also indicates the presence of heteroskedasticity.
   d. None of the above.