

Quiz #7

Econometría 06216

Nombre: _____

Profesor: Julio César Alonso

INSTRUCCIONES:

- Escoja la opción más adecuada.
 - Usted cuenta con 5 minutos para resolver este quiz
1. If your dataset has heteroskedasticity, but you completely ignore the problem and use an OLS model, you will.
 - a. get biased parameter estimates.
 - b. get parameter standard error estimates that could be either too large or too small .
 - c. get t-test statistics that make you overly optimistic about your parameters being statistically different from zero.
 - d. get t-test statistics that make it look like your parameters are not different from zero when in fact they are

Answer (d)

2. You carry out a test which seems to suggest heteroscedasticity is present. Which of the following is correct.
 - a. You should always follow this up by using WLS with the weight determined by the test
 - b. You should abandon your study as an adequate model can not be found
 - c. The standard errors from OLS estimation are unbiased
 - d. it might be a good idea to look at other sources of mis-specification such as functional form

Answer d)

3. State which of the following are true: The weight in a WLS 'correction' for heteroscedasticity
 - a. is not usually known in advance.
 - b. should not be a variable that does not appear somewhere in the model.
 - c. can be re-estimated in an iterative GLS approach.
 - d. All of the above.

Answer (d)

4. Which of the following are possible causes of heteroscedasticity?:
 - a. omitted variables.
 - b. functional form errors.
 - c. data grouped into unequal size groups.
 - d. All of the above.

Answer (d)

5. Fill in the missing words with the most appropriate choices. 'For a given model specification and dataset there will be _____ possible set of OLS results. However there

will be _____ WLS (heteroscedasticity corrected) results depending on the choice of _____-:

- a. two/more/data.
- b. one/more/model.
- c. one/several/weight.
- d. two/several/data.

Answer (a)