Academic year 2018/2019

Generic feedback on the BE333 Empirical Finance examination

Question 1

(a) Definitions and examples of Time-series data, Cross-sectional data, Panel Data

(b) Definitions and comparisons of Simple returns and Log returns: .

 (c) Definitions of R2, and adjusted R2

(d) Definitions of restricted residual sum of squares, and unrestricted residual sum of squares

(e) test statistic, p value of test statistic and confidence interval.

Question 2

(a) A list of the assumptions of the classical linear regression model’s disturbance terms is given in Box 2.3 on p.44 of the book.

(b) Standard. Units change in y given one unit change in x.

δ is the elasticity

λ is….. i.e. λ is the semi−elasticity

(c)

Calculate the F statistic

General comments / advice for the resit exam:

* Read the question carefully in order to understand its purpose (i.e., what exactly is being asked)
* Focus your answer on the purpose of the question
* Structure your answer in a clear way
* Provide definitions and graphs, if applicable
* Select the question with all the sub-questions you are good at
* Pay attention to the qualitative part as well as the quantitative part

We hope the feedback above is useful.

Kind regards,

Cheng