

BOSTON COLLEGE
Department of Economics
EC 327 Financial Econometrics
Prof. Baum, Mr. Dmitriev, Spring 2009

PROBLEM SET 4

Due at classtime, Thursday 23 April 2009

Problem sets should be your own work. You may work together with classmates, but if you're not figuring this out on your own, you will eventually regret it.

For the Stata problems, you will not make use of the RAW files listed in the text, as all of these data are available in Stata format over the Internet. Please consult the "Wooldridge datasets: descriptions and access commands" link on the course home page. All you need to do is copy the "use http://fmwww..." line from each dataset to be used into Stata's command window. The name of each dataset is that given in the text, without the .RAW extension; e.g. FERTIL1.RAW is referred to as just FERTIL1 (with no period nor extension). For example,

```
.use http://fmwww.bc.edu/ec-p/data/wooldridge/fertil1
```

For each of the empirical problems, hand in a printout from Stata, annotated with your comments. The "log" icon in the Stata toolbar may be used to create a file containing both your commands and Stata's response. It may be easier to work with a text-format log; the command `log using ps2.log` will create a text log. Use the 'Viewer' within Stata to examine and print the log.

1. 17.1
2. 17.2
3. 17.6
4. C 17.2
5. C 17.3
6. C 17.6
7. C 17.9
8. C 17.13