Quiz # 7
Chapter 10
Suggested Answers

Name:_____

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

1. Suppose you have the next model: $Y_i = \beta_0 + \beta_1 X_{1i} + \beta_2 X_{2i} + \beta_3 X_{3i} + \varepsilon_i$ and you find out that the p-value corresponding to the significance test of β_2 is 0.001. In presence of **no** homokedasticity, you may conclude:
    a. β_2 is statistically significant.
    b. $\hat{Y}_i$ increases in $\hat{\beta}_2$ when X_{2i} increases in one unit.
    c. β_2 is not statistically significant.
    d. None of the above.

2. For both heteroskedastic and homoskedastic disturbances, the distribution of $\hat{\beta}$ ¨collapses around the true value as n grows because:
    a. The Central Limit Theorem.
    b. OLS estimators are unbiased ergo consistent.
    c. OLS estimators are BLUE.
    d. All of the above.
    e. None of the above.

3. About the OLS estimator of the variance of the coefficients of certain model with $\sigma_i^2 = \sigma^2 X_i^2$, you can affirm that:
    a. It remains unbiased but inefficient.
    b. It is biased and inconsistent.
    c. It is correct
    d. None of the above.

4. Which of the next test for Heteroskedasticity is the most general?
    a. Breusch-Pagan test
    b. Goldfeld-Quandt test.
    c. Barro test
    d. White test.
    e. None of the above.

5. About White's Heteroskedasticity variance estimator, we can affirm that:
    a. Although consistent It is biased.
    b. It is better than the OLS estimator in presence of <u>no</u> Heteroskedasticity.
    c. It is unbiased and consistent.
    d. None of the above.