

Quiz # 7
Chapter 10
Suggested Answers

Name _____

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

1. ¿Which of the Gauss-Markov assumptions is violated, when there is heteroskedasticity?

- $E(\varepsilon_i) = 0$
- $Var(\varepsilon_i) = \sigma_i^2$
- $Var(\varepsilon_i) = \sigma I$
- Each X_i is fixed across samples.
- None of the above

Is correct if you choose option c, because σ is a constant.

2. In presence of heteroskedasticity, the OLS estimators:

- Remain BLUE
- Remain consistent
- Remain efficient
- All of the above.
- None of the above.

3. The _____ test, let you know the exact form of the heteroskedasticity.

- Golfend-Quandt
- Breush-Pagan
- White
- All of the above
- None of the above.

4. One way to correct heteroskedasticity, is applying an especial case of GLS estimators, in this case:

- T-tests and F-tests based on GLS estimators don't have the same properties that OLS under Gauss-Markov conditions.
- T-tests based on GLS estimators have the same properties that OLS under Gauss-Markov conditions.
- F-tests based on GLS estimators have the same properties that OLS under Gauss-Markov conditions.
- T-tests and F-tests based on GLS estimators have the same properties that OLS under Gauss-Markov conditions.
- None of the above.

5. If $var(\varepsilon_i) = \sigma^2 X_i^2$, the correction by FGLS will be done by dividing the entire equation by:

- X_i^2
- X_i
- $\frac{1}{X_i^2}$
- $\frac{1}{X_i}$
- None of the above.