Quiz # 8
Chapter 11
Suggested Answers

Name______________________________

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

1. Heteroskedasticity refers to:
   a. Disturbances with dissimilar variance
   b. Coefficients with dissimilar variance
   c. Independent variables with dissimilar variance.
   d. All of the above.

2. In presence of heteroskedasticity, the OLS estimators:
   a. Remain consistent
   b. Remain BLUE
   c. Remain efficient
   d. All of the above.
   e. None of the above.

3. In presence of heteroskedasticity, the OLS estimators:
   a. Are unbiased
   b. Are biased
   c. Don´t have interpretation
   d. B and C.

4. If $\operatorname{var}(\varepsilon_i) = \sigma^2 X_i^2$, the correction by FGLS will be done by multiplying the entire equation by:
   a. $\frac{1}{X_i}$
   b. X_i
   c. $\frac{1}{X_i^2}$
   d. X_i^2
   e. None of the above.

5. T-tests and F-tests based on OLS estimators in presence of heteroskedasticity.
   a. Can´t be used because the matrix of variances and covariances is biased.
   b. Could be used with any problem
   c. Can´t be used because the coefficients are biased.
   d. Have to be used being careful
   e. None of the above.