



NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2020_2 EXAMINATION

COURSE TITLE: APPLIED ECONOMETRIC

COURSE CODE: ECO 453

UNITS: 2

TIME ALLOWED: 2 HOURS

INSTRUCTIONS: ANSWER QUESTION ONE AND ANY OTHER TWO

- 1ai. What is Econometric? **(3 marks)**
aii. Who is an econometrician? **(3 marks)**
1bi. What is applied econometric? **(3 marks)**
bii. Why do we studied applied econometric? **(5 marks)**
1c. with appropriate example, differentiate between simple and multiple regression model **(8 marks)**
1d. Differentiate between linear and non-linear regression model **(8 marks)**
2. Enumerate and explain stages of applied econometrics research. **(20 marks)**
3. Write short notes on the following;
a. stationarity or unit root test. **(5marks)**
b. longitivity or co-integration test. **(5marks)**
c. serial correlation. **(5marks)**
d. correlation matrix **(5 marks)**
- 4a. What are the consequences of serial correlation? **(10marks)**
b. Explain what is meant by a Linear Probability Model (LPM). **(10marks)**
- 5a. Explain the term Panel Data. **(10marks)**
b. Given three country within West Africa Monetary Zone (WAMZ), that start with same alphabet namely; the Gambia, Ghana and Guinea. The three countries are interested in joint influence of monetary variables (interest rate and inflation rate) on their economy measured by GDP. Given the following dataset for three years (2017-2019) arrange the dataset in a panel data format for estimation. **(10marks)**

Country	GDP	Inflation rate (INFR)	Interest rate (INTR)
The Gambia	132, 153, 183	6%, 8%, 6%	12%, 14%, 10%
Ghana	121, 132, 141	5%, 6%, 8%	12%, 15%, 13%
Guinea	141, 152, 162	4%, 7%, 8%	10%, 11%, 9%