

ECON 5350 Problem Set #3

Due: Thursday, October 15 by 11:59 pm

MATLAB PROBLEMS

1. Perform a Monte Carlo experiment to trace out the statistical power function. You can use purely artificial data or you can use actual data as a guide for the size of the coefficients, explanatory variables, variance of the errors, etc. Make sure the regression model is linear and multivariate. Finally, use a two-tailed significance test to calculate the power at three different significant levels. Write a single paragraph summarizing what you've learned from this exercise.