

1. Course Objective

This course discusses the fundamentals of econometrics methodology and their application in business and economics. The course emphasizes the role of theory in the process of specification and estimation of models.

2. Prerequisite

The prerequisite for this course is statistics 2115/2117 or equivalent.

3. Textbooks: The following textbook will be used:

Gujarati, D. and D. Porter, Basic Econometrics, McGraw Hill, fifth edition 2009.

4. Content

The course will attempt to cover chapters 1 to 13 of the textbook. Further applications may be introduced, at which point appropriate references will be provided. Students may also consult several other introductory econometrics textbooks and further details will be provided in the lectures.

5. Research Paper, Assignments and Course Evaluation

The coursework will involve computer work and three or four tests. The course grade will be calculated by using the following weights:

Computer work (assignments):	10%
Test 1 (Oct. 9, 2014):	25%
Test 2 (Nov. 6, 2014):	30%
Test 3 (to be determined)	35%

6. Late Assignment

Assignments must be handed in on time. Late assignments will be awarded a mark of ZERO. Most assignments will involve the use of the a econometric package. Further details will be provided during lectures.

7. Teaching Assistance

A teaching assistant will be assigned to the course and further details will be provided during lectures.

Software source, where you can download the free software:

<http://gretl.sourceforge.net/>

double click on the software to open a box.

Also more information is available from the following link:

<http://flash.lakeheadu.ca/~mshannon/ec3111.html>

Under file, go to scripts and open a new script and write the program. You can run the program from the top menu.

Here is an example of the program. Note you can download the manual for free. Also there are many examples of various programs in one of the scripts under file.

First have to provide the exact location of the data in excel (saved in an older version) format.

```
open c:\users\user\desktop\econ.data.2012\sample.data.2.xls
```

```
#setting the sample size
```

```
smpl 1 16
```

```
ols y 0 x
```

note you need to include a zero to allow for an intercept term in your equation.

```
#saving squared residuals
```

```
uh1 = $uhat^2
```

```
#estimating the RSS
```

```
genr s12 = sum(uh1)/(16-2)
```

```
smpl 1 10
```

```
ols y 0 x
```

```
#saving squared residuals
```

```
uh2 = $uhat^2
```

```
#estimating the RSS
```

```
genr s22 = sum(uh2)/(10-2)
```

```
smpl 11 16
```

```
ols y 0 x
```

```
#saving squared residuals
```

```
Uh2 = $uhat^2
```

```
#estimating the RSS
```

```
genr s32 = sum(uh3)/(6-2)
```

```
genr f = ((s12 - (s22 + s32)) / 2) / (s22 + s32) / (16 - 2)
```