

**ECON 233**  
**Introduction to Econometrics**  
**Spring, 2008**

**Instructor:** OKUI, Ryo  
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**Office Hours:** Wed 10:00-11:00

**Time and Location:** Tue/Thur 9:00 a.m. - 10:20 a.m., Room 2502.

**Course Description:** This course is designed to introduce students to econometric techniques and their applications in economic analysis. It begins with a review of basic statistical tools, then covers linear regression with one regressor, linear regression with multiple regressors. The emphasis is on practical issues in econometric analysis of cross-sectional data.

Microsoft EXCEL<sup>®</sup> or EViews will be used for computer-based calculation. Microsoft EXCEL<sup>®</sup> is installed in many computers on campus. EViews is available in Rm3211 and Rm4116.

**Prerequisites:** Basic statistics; ISMT 111, MATH 243, MATH 244 or consent of instructor.

**Textbook:** Stock, James and Mark Watson (2007): “*Introduction to Econometrics.*” brief edition, Addison Wesley, ISBN 978-0-321-44296-3.

We also use the materials in the Companion Website ([http://www.aw-bc.com/stock\\_watson](http://www.aw-bc.com/stock_watson)).

**Course Web Site:** <http://lmes2.ust.hk>

Students should be able to access the LMES using their ITSC accounts. If a student find that he/she cannot access to the web-page for ECON233, he/she should contact the instructor immediately.

**Teaching Assistant:** Peter Tsui (ecpeter@ust.hk). Rm2393. Tel: X7597

The TA sessions will be held on Mon. 12:00-12:50 at Room 4333 for Section 1, and Fri. 13:00-13:50 at Room 2405 for Section 2.

**Course Requirements:**

**Homework (20%):** There will be about 4 problem sets, assigned during the semester. These problem sets focus on computational exercises. Students are encouraged to form small study groups, however, each student has to submit his/her own solution. Students are supposed to submit their solutions through the LMES system. Files must be read by Microsoft Word<sup>®</sup> or Acrobat Reader<sup>®</sup>. The problem sets will be graded on a 0 to 5 scale. The due dates will be specified in each assignment. The late penalty is 1 point per day, but **solutions submitted after suggested answers are distributed will receive zero credit.** Please also note that **email submissions will not be accepted.**

**Short essay (10%):** The detail of the assignment will be distributed later. This assignment is for the “Writing and Speaking through the Curriculum” program. See the WSC website at: [lcms01.ust.hk/sbm](http://lcms01.ust.hk/sbm).

**Midterm (30%):** Tentative schedule: Tuesday, April 8th, Time TBA Tentative Location: TBA. Closed books and notes. No formula sheet will be provided. Non-programmable calculators may be used. The midterm will cover Stock and Watson, chapters 1-7.

**Final (40%):** Time and Location: TBA. Closed books and notes. Non-programmable calculators may be used. The final will cover Stock and Watson, chapters 1-9. Note that materials covered after the midterm cannot be understood without good understanding of materials covered in the midterm.

### Course Schedule (Tentative)

Jan. 31	Introduction to Econometrics	SW Ch. 1
Feb. 5, 12, 14	Review of probability theory	SW Ch. 2
Feb. 19, 21, 26	Review of basic statistics	SW Ch. 3
Feb. 28, Mar 4	Simple linear regression: Estimation	SW Ch. 4
Mar. 6, 11	Simple linear regression: Inference	SW Ch. 5
Mar. 13, 18	Multiple Regression: Estimation	SW Ch. 6
Mar. 27, 1	Multiple Regression: Inference	SW Ch. 7
Apr. 3	Review for midterm	SW Ch. 2-7
Apr. 8	Midterm	
Apr. 10, 15, 17, 22	Nonlinear regression functions	SW Ch. 8
Apr. 24, 29, May 6	Internal and external validity	SW Ch. 9
May. 8	A guide for empirical studies	SW Ch. 10
May 13	Economic applications	TBA
May 15	Review for final	SW Ch. 2-9

**References:** The following books may be useful for better understanding of the materials covered in this course.

- Newbold, Paul, William L. Carlson and Betty M. Thorne (2006): “*Statistics for Business and Economics and Student CD-ROM.*” 6th edition, Prentice Hall, ISBN 978-0132203845.
- Wooldridge, Jeffrey M. (2005): “*Introductory Econometrics: A Modern Approach.*” 3rd edition, South-Western College Pub, ISBN 978-0324289787.
- Schmuller, Joseph (2005): “*Data Analysis with Excel<sup>TM</sup> for Dummies<sup>®</sup>.*” Wiley Publishing, Inc., ISBN 0-7645-7594-5.

The following books may be useful for students who are interested in advanced topics.

- Kennedy, Peter (2003): “*A Guide to Econometrics.*” The MIT Press, ISBN 0-262-61183-X.
- Diebold, Francis X. (2006): “*Elements of Forecasting.*” 4th edition, South-Western College Pub, ISBN 978-0324323597.
- Wooldridge, Jeffrey M. (2001): “*Econometric Analysis of Cross Section and Panel Data.*” The MIT Press, ISBN 0-262-23219-7.