

ECON 233 L2
Introduction to Econometrics
Fall, 2008

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

Time and Location: Wed/Fri 12:00 p.m. - 13:20 p.m., Room 3007.

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[®] or EViews will be used for computer-based calculation. Microsoft EXCEL[®] 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).

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

Students should be able to access the course website for ECON233 in the LMES using their ITSC accounts.

Teaching Assistant: JIN Gu (paddyjin@ust.hk). Rm3220.

The TA sessions will be held on Mon. 13:00-13:50 at Room 4619.

Course Requirements:

Homework (15%): There will be about 5 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 submit their solutions through the LMES.** Files must be read by Microsoft Word[®] or Acrobat Reader[®]. The problem sets will be graded on a 0 to 3 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.

1st Midterm (15%): Tentative schedule: Friday, October 3rd, 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 1-3. Note that the 1st midterm covers only the materials that should be taught in a basic statistics course.

2nd Midterm (20%): Tentative schedule: Friday, November 7th, 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. Note that materials covered after the 1st midterm cannot be understood without good understanding of materials covered in the 1st midterm.

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 2nd midterm cannot be understood without good understanding of materials covered in the midterms.

Course Schedule (Tentative)

Sep. 3	Introduction to Econometrics	SW Ch. 1
Sep. 5, 10, 12	Review of probability theory	SW Ch. 2
Sep. 17, 19, 24, 26	Review of basic statistics	SW Ch. 3
Oct. 3	1st Midterm	
Oct. 8, 10	Simple linear regression: Estimation	SW Ch. 4
Oct. 15, 17	Simple linear regression: Inference	SW Ch. 5
Oct. 22, 24	Multiple Regression: Estimation	SW Ch. 6
Oct. 29, 31	Multiple Regression: Inference	SW Ch. 7
Nov. 5	External Validity 1	SW Ch. 9
Nov. 7	2nd Midterm	
Nov. 12, 14, 19, 21	Nonlinear regression functions	SW Ch. 8
Nov. 26, 28, Dec. 3	Internal and external validity	SW Ch. 9
Dec. 5	A guide for empirical studies	SW Ch. 10

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 ExcelTM for Dummies[®]*.” Wiley Publishing, Inc., ISBN 0-7645-7594-5.

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

- Kennedy, Peter (2008): “*A Guide to Econometrics.*” 6th edition. Wiley-Blackwell, ISBN 978-1405182584.
- 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.