Introduction to Econometrics (ECON 3334, Spring 2023)

Department of Economics, HKUST

Instructor: WANG, Peng   Email: pwang@ust.hk   Phone: 2358-7630

                                                    Office: Rm 6077, LSK Bldg   Office Hours: by appointment.

TA: TSUI, Peter   Email: ecpeter@ust.hk

Course Description:

   This course will introduce students to econometric methods and their applications in economic analysis. It begins with a review of probability and statistics, followed by linear regression models with one regressor, linear regression models with multiple regressors. Emphasis will be put on practical issues in econometric analysis of cross-sectional data.

Prerequisites:

Basic statistics or consent of instructor.

Lecture schedule and location:

   (L1) Monday & Wednesday 10:30AM - 11:50AM. (LSK Rm 1011)

   (L2) Monday & Wednesday 12:00PM - 01:20PM. (LSK Rm 1011)

Tutorial Sessions: TA: TSUI, Peter. (ecpeter@ust.hk)

The tutorial is NOT weekly. The TA will make an announcement through Canvas when there is a tutorial session. There is no tutorial during the first week. When there is a tutorial, the schedule and location will be as follows:

   (T1) Monday   02:00PM - 02:50PM. (LSK Rm 1014)

   (T2) Wednesday 09:30AM - 10:20AM. (LSK Rm 1010)

Textbook: Stock, James and Mark Watson (2019) "*Introduction to Econometrics.*" 4th Edition, Pearson. You may also use other editions of the same title, but homework will be based on the 4th Edition.

- We also use the materials in the Companion Website:

   https://media.pearsoncmg.com/intl/ge/2019/cws/ge_stock_econometrics_4/

- A few copies of textbook are reserved in the library. E-book is also available from the library's website.

   It allows four concurrent users to access. You may also download up to 40 pages per day for offline reading.

   https://ebookcentral.proquest.com/lib/hkust-ebooks/detail.action?docID=5640381&pq-origsite=primo

Course Web Site: http://canvas.ust.hk

  Slides, problem sets and other materials will be posted on Canvas. You should check the course website at least **twice a week** for important announcement such as the homework information.

Computer Software

- Data analysis will be mainly demonstrated using the free software R.

  - R is available at: https://www.r-project.org/. You may install R first. Then install Rstudio (https://rstudio.com/), which is an easy interface to use R.

- You may also use other software such as Eviews, Stata, gretl, Python, Matlab, etc (except Excel), to finish data-related problem sets. However, I will focus on R in my teaching. I will not teach or provide technical assistance for other software in this course.

Course Requirements:

Homework (15%): There will be 4 graded problem sets and some ungraded practice quizzes, assigned during the semester. These problem sets/quizzes focus on computational and analytical exercises. Each student must submit his/her **own answers** in their **own writing** individually. **Students must submit their solutions through Canvas**. Main solution files must be in **Microsoft Word or PDF format**. Data files must be read by Microsoft Excel. The due dates will be specified in each assignment. **Email or mail submissions will not be accepted.** Late submission including uploading failure will not be accepted without justification. If the submission occurs after the answer is posted, it will receive zero point.

Midterm (30%): ==Date and time: Mar 15 (Monday),== during class time.
The midterm will cover all course materials before Mar 15. A formula sheet will be provided.

Final (55%): **Time and format to be announced**.
The final will be cumulative and cover all course materials, including those covered in midterm.

Class Attendance: We will not take record of attendance but you are strongly encouraged to attend every lecture. I will selectively cover materials from the textbook. I will also cover examples from the latest research. My lecture contents will be the basis for exam questions.

Exam Policy:

- There will be no make-up exams for the midterm. If you miss the midterm, you will receive zero for that exam. The only exception is a verifiable medical reason, in which case the weight of the midterm will be moved to the final exam. If you miss the final exam, you will receive an "F"(fail) for the course. The only exception is that you successfully apply a make-up exam formally through the school. In such a case, I will allow you to do a make-up exam.

- There is zero tolerance of cheating in the exam. The case of cheating will be reported to both the department and the school level. We will check your **school ID cards** during exams.

Re-grading Policy: Contact your TA regarding any grading issue within <u>one week</u> from the time the grade is released.

Academic Integrity and Honesty: Students are required to comply with the university policy on academic integrity as detailed at http://ugadmin.ust.hk/integrity/student-1.html

Course Intended Learning Outcomes: Upon completion of the course, you will be able to:

1. Weight the significance of key assumptions used in regression models, and explain the relationship between those assumptions and properties of estimators.

2. Construct an appropriate regression model to analyze a given economic data set, and then conduct statistical inference and interpret the results.

3. Use the statistical software R to conduct econometric analysis.

4. Collect data set to conduct empirical analysis, and provide answers to economic questions.

5. Present your understanding of certain economic problems verbally and in writing, and use empirical results to justify your explanation.

Class Schedule: (see next page)

Tentative Schedule:

Classes	Date	Day	Topic	Reading
1	Feb.6	Mon	Topic 1: Introduction	Ch.1
2	Feb.8	Wed	Topic 2: Review of probability	Ch.2
3	Feb.13	Mon		Ch.2
4	Feb.15	Wed		Ch.2
5	Feb.20	Mon	Topic 3: Review of statistics	Ch.3
6	Feb.22	Wed		Ch.3
7	Feb.27	Mon	Topic 4: Linear regression with one regressor: estimation	Ch.4
8	Mar.1	Wed		Ch.4
9	Mar.6	Mon		Ch.4
10	Mar.8	Wed	Topic 5: Linear regression with one regressor: inference	Ch.5
11	Mar.13	Mon		Ch.5
12	Mar.15	Wed	Midterm Exam	Ch.1-5
13	Mar.20	Mon	Topic 6: Linear regression with multiple regressors: estimation	Ch.6
14	Mar.22	Wed		Ch.6
15	Mar.27	Mon		Ch.6
16	Mar.29	Wed		Ch.6
17	Apr.3	Mon		Ch.6&14
18	Apr.12	Wed	Topic 7: Linear regression with multiple regressors: inference	Ch.7
19	Apr.17	Mon		Ch.7
20	Apr.19	Wed		Ch.7
21	Apr.24	Mon	Topic 8: Nonlinear regression functions	Ch.8
22	Apr.26	Wed		Ch.8&11
23	May.3	Mon		Ch.8&11
24	May.8	Wed	Topic 9: A guide for empirical analysis	Ch.9

Remark: no classes on Apr 5, Apr 10 (Midterm break), May 1 (Public Holiday).