City University of Hong Kong
Semester A 2005-2006
EF3450 Principles of Econometrics

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Course web: "Blackboard eportal2" at the City University website (http://www.cityu.edu.hk/)

1. Course Description

a) This course is designed to equip students with the knowledge and skills of econometric modelling and empirical analysis in economics and finance. It also enables students to use econometrics software packages for empirical analysis.

b) The software used in this course is EViews which is available on the CityU student LAN.

2. Tips for Learning Econometrics

a) Revise the materials within two days of the lecture.

Interval between the first learning and revision (in hours)	0.33	1	9	24	24*2	24*6	24*30
% forgotten	42	56	64	66	72	75	79

b) Practice plus feedback makes perfect.

Since econometrics is about the application of statistical tools for data analysis, you cannot learn by simply listening. You need to do the exercises as assigned in order to be able to learn the tools well. The staff in this course will walk through the leaning process with you hand in hand and provide you the support you need. You are encouraged to discuss with other students when doing the exercises. However, never copy answers. You cannot understand the subject well if you do not go though the thinking process yourself. Please don't feel shy to ask if you have questions.

3. Booklist

Textbook

Title: Undergraduate Econometrics (2nd Edition)
Authors: R.Carter Hill, William E. Griffiths and George G. Judge
Publisher: Wiley
ISBN: 0-471-33184-8

Supplementary Reading

Title: Using Eviews for Undergraduate Econometrics (2nd Edition, 2001)
(Bundled with a EViews 3.1 student version CD)

Authors: Reiman, M and R.C. Hill
Publisher: Wiley
ISBN: 0-471-41239-2

4. Assessment

Components	Weights	Remarks
Homework	30%	
Project (presentation + report)	20%	At most 3 members per group
Exams	50%	

5. Late Policy

Since it is important for you to keep in pace with the progress of the course, late homework will be given a penalty of 5% deduction per late day. To be fair to those students who hand in the homework on time, no homework will be accepted once the solution key is distributed.

6. Syllabus

Lecture	Topics	Time schedule (2005)
1-2	An Introduction to Econometrics; Basic Statistics	Week 1 and 2
3	Classical Linear Regression Model: Specification and estimation	Week 3
4	Properties of the Least Squares Estimators (Computer lab session 1 in tutorials)	Week 4 (HW1)
5	Inferences in the Simple Regression Model (Interval Estimation, Hypothesis Testing and Prediction);	Week 5
6	Multiple Regression; Goodness of Fit (1st half)	Week 6 (HW1 due) (HW2)
7	Multiple Regression; Goodness of Fit (2nd half)	Week 7
8	Midterm Exam	Week 8
9	Dummy variables	Week 9 (HW2 due) (HW3)
10	Discussion of projects	Week 10
11	Univariate Time Series Modelling and Forecasting (stationary ARMA model)	Week 11 (HW3 due)
12	Project Presentation	Week 12
13	Project Presentation	Week 13

A prior course in undergraduate econometrics would be helpful but not required. Two excellent undergraduate textbooks are Wooldridge (2015) and Stock and Watson (2014). The relevant background in probability theory and mathematical statistics is provided in Introduction to Econometrics. For reference, the basic tools of matrix algebra and probability inequalites are reviewed in the Ap-pendix. Applied econometrics has since evolved to prioritize the estimation of specific causal effects and empirical policy analysis over general models of outcome determination. Yet econometric instruction remains mostly abstract, focusing on the search for "true models" and technical concerns associated with classical regression assumptions. Testing for Normality. Undergraduate Econometrics using GRETL. Lee Adkins January 4, 2006. Preface.Â From the gretl web site, you have access to more sample data sets from many of the leading textbooks in econometrics, including ours Undergraduate Econometrics by Hill et al. (2001). It can be used to compute the least-squares, weighted least squares, nonlinear least squares, instrumental variables least squares, logit, probit, tobit and a number of time series estima-tors.