Econ 120C, Spring 2008

Instructor: Chin-Hwa (Jenny) Sun, Ph.D., Cornell University, 1994

Visiting Research Scholar (2008-present)	Associate Professor (1994-1999)
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Office Hours: M W 1:30-2:30pm, Econ Room 114

Regular Meeting Schedule:

> MWF Lecture: 3:00p – 3:50p Warren Lecture Hall 2005
> Discussion Section: Friday 5:00p – 5:50a (Suyong Song)

Important Dates:

Midterm 1: 04/30/08, Wed., 3:00p-3:50p;   Midterm 2: 05/21/08, Wed., 3:00p-3:50p;
Review 1: 04/27/08, Sun., 5-5:50 WLH 2005; Review 2: To be arranged.
Final: 06/11/08, Wed., 3:00p-5:59p.
Reviews sections before each exams will be scheduled 2-4 days before exams bases
on the most common convenient time for students and TA.

Goals

Econ 120C is a sequel to Econ 120A and Econ 120B. The objective of the course is to provide you with
 * knowledge of econometrics in theory and applications.
 * skills of basic econometric methods.
 * ability to interpret empirical studies in ways that are interesting, enlightening, and useful.
 * awareness of potential problems with regression analysis and
 * knowledge of how to make corrections if econometrics problems are present.

These methods are also widely used in business, finance, and other fields. Throughout, we will focus on both understanding and doing. The understanding will come from lectures, class discussions, and problem solving. The doing will come from extensive statistical software use. This course requires a quarter-long commitment. Econometrics is best learned by doing, and I will require you to do a fair amount of hands-on work.

Web Page

The course materials will be posted on WebCT.ucsd.edu.
 * You should be able to log into the course web site using your regular UCSD ID and password. Once you have registered for the class, you should gain access to the course website within 48 hours. Instructions can be found at the Instructional WWW Development Center; please contact them at iwdc@ucsd.edu if you have difficulties

logging in or getting access to the course website.
- Please access the course web site regularly in order to keep abreast of changes.
- Throughout the quarter, I will make announcements through the mail function in WebCT. Please set up a forwarding address if you prefer to get the announcement in your regular email account.
- You can make anonymous comments via the course webpage. I will also conduct some surveys on teaching effectiveness via the WebCT system.

If you have any question regarding the grading policy, exam format or any other issues, read the course web page first. Chances are that you can find the answer there. If you can't, please contact one of the TAs or me by e-mail.

Textbooks

Required: Introduction to Econometrics, James Stock and Mark Watson (Second Edition, Addison Wesley 2007).

Software

We will use STATA to implement the econometric methods covered. Students have access to STATA in the following computer labs: Econ 100, ERC 116/117 and CLICS-263. STATA is essential for problem sets. Exam questions may involve STATA outputs. **STATA Workshop** will be held on April 8 7-7:50p and 8-8:50p at Peter 110 and April 14 5-5:50 at Center 119.

Problem Sets

There will be five assignments, which will not be collected and graded, but which will be tested on the three exams. The assignments will involve both theoretical and empirical work. Group study and free discussion are encouraged. But you should work on your own answers. If you have any question on the problem sets, please come to the discussion section or TA's office hours. Our office hours are for you. I prefer to talk to you in person. I feel that Email is not a very efficient way to ask econometric questions. However, if you have a time conflict, feel free to drop us a line.

TA's or I will bring your problem sets to class. If you could not pick up your problem set in class, you can download it in WebCT.

Quizzes

There will be weekly quizzes given randomly in lecture over topics of special interest or difficulty. Each quiz will be distributed at the start of lecture and will cover a current course topic which students will be expected to master by the end of the quarter. The quiz question will be discussed in lecture and answered through discussion section. Students who submit a quiz with a reasonable answer will automatically receive full credit for that day's quiz. Quizzes and participation of lectures will count for 10% of the overall course grade.

Examinations

There will be two mid-term exams, each carrying a weight of 25%. The <u>cumulative</u> final exam will carry a 40% weight. All exams will be closed book. Bring a calculator (just a simple one will do, no need for scientific or business calculator). No need to bring a blue book.

There will be no make-up exams. An exception is medical absence, in which case a doctor's certificate is required. Please hand in the doctor's certificate in class or stop by my office.

I will host a review session before each exam. Time and place will be announced in class.

Grading

All grading problems must be rectified within a week from the time an exam is returned.
- Re-grading of exams may not be allowed if they were written in pencil. If you write in pencil, however, you can pick up the exam from my office, check the grading immediately, and take care of complaints before leaving the office. Please address all re-grading requests to me.
- According to a university policy, no re-grading is allowed for final exams.

The course grade will be assigned as follows. First, if the mean score of an exam (the mid-term and the final) is below 75 points, points will be added to all scores to bring the mean score to 75 points. Second, a weighted average of numerical scores will be obtained. The weights on the midterms and final exams cannot be changed. Finally, letter grades will be assigned using the following scale:

>=90 A+	[75,80) B+	[60, 65) C+	[45 50) D
[85,90) A	[70,75) B	[55, 60) C	< 45 F
[80,85) A-	[65,70) B-	[50, 55) C-	

Note that the scale is exact. So if your score is 84.5, you will get an A-. Grade very close to the border line might be pushed up if the student is an active participant in class.

I will not assign letter grades on the midterm. However, you can refer to the above table to see where you stand. The grading policy is a little bit complicated but I think it is very fair. The policy encourages students' collaboration in group studies. Your attendance at each class (listening) and your genuine effort on the homework and exams (doing) represent the most important factors affecting your success in this class.

TAs' Email and Office Hours

Song, Suyong: 11:00am -12:00pm + 5:00pm- 6:00pm, Mondays, Econ 119, s7song@ucsd.edu

Jung, Heea: 10:00 am -11:00 pm, Tuesday and Thursday, SH 227, hej001@ucsd.edu

SH (Sequoyah Hall) is the building that connects to the Econ building via a bridge. If you have any questions please feel welcome to come chat in office hours. Extra office hours will be available before each exam. Please notice the announcement on the WebCT from time to time. Again, office hours are for you. You can come and ask econometric questions. You are encouraged to just stop by and introduce yourself. If you want to stop by my and TA's office hours other than the regulated hours, please email me or the TA and make an appointment in advance.

Course Feedback: Surveys available on WebCT

Survey: Student's Preparation 3/31 to 4/13, 2008.

Course and Professor Evaluation 4/20 to 5/4, 2008.

Student's Survey before 2nd Midterm 5/11 to 5/18, 2008

Course Contents

Basic Topic	Text Readings	Week
0. Review • Law of Large numbers and central limit theorem • The least squares assumptions in the Multiple Regression • STATA	Ch 2, Sec. 6.1, 9.2 and 12.1 (Ch 2, Sections 5.1, 5.11, 7.2 and 10.1)	1

I. Nonlinear Models
 	
1. Nonlinear regression functions
2. Discrete choice models
  • Linear probability model
  • Probit and Logit
  • Maximum likelihood estimation and inference
	Ch 8 (Ch 6)
	Ch 11 (Ch 9)
		2
		3
		4

First Midterm Exam Wednesday April 30, 2008, 3:00p-3:50p (Warren Lecture Hall 2005)		5
II. Failure of OLS and IV estimation 1. General instrumental variable regression model 2. Panel data regression: fixed effects and time effects	Ch 12 (Ch 8) Ch 10 (Ch 10)	5 6 7
Second Midterm Exam Wednesday May 21, 2008, 3:00p-3:50p (Warren Lecture Hall 2005)		8
III. Basic Time Series Analysis • Introduction to time series data: autocovariance and autocorrelation • Stationarity • AR(p) model: estimation and forecasting • ADL(p,q) model: estimation and forecasting • Regression with autocorrelated errors: HAC standard errors	Sections 14.1-14.5 (Sections 12.1-12.5)	8 9 10
Final Exam Wednesday June 11, 2008, 3:00p-6:00p (Location TBA)		11

Note: Parenthesized references are to sections in the 1st edition of Stock and Watson; non-parenthesized references are for the 2nd edition.