

EPPS 6316 : Recitation Session #5

Oct. 12. 2012

Questions?

- You learned :
- Questions for PS2 ?
- F-test
- Chow test
- Dummy variable
- etc.

Problem 1

A model for the transfer price of all baseball players sold by a MLB team in the year 2010 is written as

$$\ln(p_i) = 3.426 + 0.024\ln(\text{age}) - 0.008\ln(\text{age})^2 + 0.212\ln(\text{app}_i) + 0.216\text{Ba}_i - 0.312\text{For}_i + \epsilon_i$$

where \mathbf{p} = Transfer price of each player, \mathbf{age} = Age of the player, \mathbf{App} = Number of first team appearances the player has made, \mathbf{For} = 1 if the player is a non-US player, zero otherwise, \mathbf{Ba} = 1 if the player is batting average is above 2.5, zero otherwise

RSS=1.932, $R^2 = 0.293$

Std.err : 1.71, 0.012, 0.006, 0.099, 0.092, 0.076. respectively

(1) Briefly interpret the coefficients.

(2) Test the hypotheses $\beta_3 = 0$ (for app).

(3) Test the hypothesis that all slope coefficients are jointly equal to zero.