

- I. Introduction
- II. Statistical and Notational Preliminaries
  - A. Introduction
  - B. Elements of Statistical Theory
    - 1. Prerequisites: Summarizing distributions, point estimation, interval estimation, hypothesis testing.
    - 2. Bivariate measures: covariance and correlation.
    - 3. Expected Values.
    - 4. Estimators and Desirable Properties

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III. Simple Regression (*Gujarati: Chs. 1 and 5*)

A. Introduction: ***Moving on to Regression.***

▪ ***Correlation:***

▪ ***Regression:***

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▪ ***Econometrics*** – starts with ***Economics.***

***Example:***

- Consumers: *Max:* Utility; *St:* budget.
- What do we learn from theory?
  - ✓ Demand depends on ...
  - ✓ Demand function slopes ...
- Theory provides:
  - ✓ Model –
  - ✓ Expectations –

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### C. Sample Regression Equation

1. Sample version of the PRE:
  - An estimate of the economic relationship.
  - Statistical or random relationship
  - SRE:
2. Two basic parts:
  - Estimated part:
  - **Errors:**

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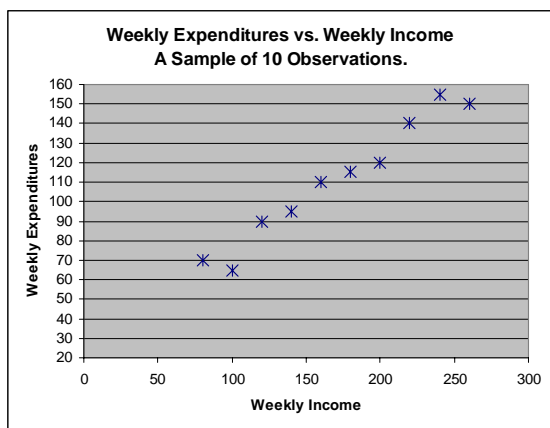
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3. **Estimators** – there are three population values to estimate:
  - Population parameters:
  - Population Mean of **Y**:
  - Population Value of **Y**:

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