UNIVERSITY OF SWAZILAND

FINAL EXAMINATION PAPER

PROGRAMME: B.Sc II in Agricultural Economics and Agribusiness
Management

COURSE CODE: AEM 308

TITLE OF PAPER: INTRODUCTION TO ECONOMETRICS

TIME ALLOWED: TWO (2) HOURS

INSTRUCTION: 1.   ANSWER ALL QUESTIONS

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THE CHIEF INVIGILATOR

Question 1

1) Table A gives the demand schedule for apple and the corresponding prices of carrot.

   PrA is the price of apple
   QnA is the quantity demanded of apple
   PrB is the price of carrot

   a) Estimate the linear demand function for apple.   **20 MARKS**

   b) Forecast the demand for apple at PrA = E10.   **5 MARKS**

   c) Calculate the price elasticity of demand for apple at its mean price.
                                                                         5 MARKS

   d) Discuss the theoretical relationship that can exist between apple and carrot
      based on the possible sign that could be carried by the parameter of PrB
                                                                         10 MARKS

Year	QnA	PrA	PrB
1986	63.8	7.1	7.78
1987	63.9	7.6	7.69
1988	64.0	9.7	7.68
1989	64.0	9.6	7.79
1990	64.4	7.5	7.80
1991	64.8	7.2	7.77
1992	65.3	7.0	7.81
1993	65.6	6.2	7.73
1994	65.9	5.5	7.69
1995	66.5	5.3	7.64
1996	66.5	5.6	7.52
1997	66.2	6.8	7.45
1998	66.4	7.5	7.41
1999	66.3	6.9	7.39
2000	66.6	6.1	7.40
2001	66.6	5.6	7.40
2002	66.8	5.4	7.43
2003	67.1	4.9	7.55
2004	67.1	4.5	7.75
2005	67.1	4.2	7.86
2006	67.2	4.0	7.89
2007	66.9	4.8	7.99
2008	66.6	5.8	8.14

Question 2

(a) Discuss the procedure to do econometric analysis   **20 MARKS**

Question 3

(a) Discuss the assumptions of linear stochastic regression model?   **20 MARKS**

Question 4

(a) What are the goals of econometrics? Discuss   **10 MARKS**

(b) What are the differences between econometrics and economic theory?
                                                                          10 MARKS