

Financial Econometrics

MT Week 7 Assignment

November 2020

Note: Please complete and submit this assignment by **16:00 Friday 8th week** .

1. Problem 3.7: This is a concept problem that asks you to explain an idea in your own words.
2. Exercise 3.15: This problem provides an opportunity to improve your understanding of Wald tests, White's test and Heteroskedasticity. You should implement the Wald test statistics by hand (but you might want to use a computer to invert the 2-by-2 matrix needed in one). The rest you should be able to answer from the lectures.