UNIVERSITY OF SWAZILAND

FACULTY OF SOCIAL SCIENCE

DEPARTMENT OF ECONOMICS

MAIN EXAMINATION

MAY 2014

TITLE OF PAPER: STATISTICS FOR ECONOMISTS

COURSE CODE: ECON 209

TIME ALLOWED: THREE (3) HOURS

INSTRUCTIONS:

1. ANSWER FOUR (4) QUESTIONS:

   QUESTION ONE (1) IS COMPULSORY AND YOU CAN THEN CHOOSE ANY THREE (3) QUESTIONS FROM THE REMAINING QUESTIONS PROVIDED.

2. ALL QUESTIONS CARRY 25 MARKS
3. ALWAYS ROUND UP THE FINAL ANSWER TO TWO (2) DECIMAL PLACES.

THIS PAPER IS NOT SUPPOSED TO BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR

QUESTION 1 (Compulsory)

a) The mean weight of 500 male students at UNISWA is 151 lb and the standard deviation is 15 lb. Assuming that the weights are normally distributed, find how many students weigh:

i) Between 120 and 155 lb. **(5)**

ii) More than 185 lb. **(5)**

b) Given a density function defined as:

$f(x) = C(8x - 2x^2)$ $0<x>2$

$= 0$ otherwise

i) Find the value of C. **(3)**

ii) $P(x \geq 1)$ **(4)**

iii) Find the cumulative distribution function for this density function. **(5)**

c) Differentiate between a probability function and a probability density function. **(3)**

QUESTION 2

a) Find a 99% confidence interval estimating the mean height of 1546 female students at UNISWA if you are told to take a sample of size 250. Assume that you are given the sample mean to be 67.45 inches and the standard deviation to be 2.93 inches. **(6)**

b) Steel & Wire in Matsapha produces castings whose weights are assumed to be distributed normally. A sample of 10 castings has weights in kilograms which are distributed as follows:

6.4 8.9 7.2 6.7 7.9 8.2 8.7 7.4 6.7 6.9

i) Find the mean and standard deviation weight of the sample **(10)**

ii) Use the information you got in i) to construct a 99.73% confidence interval for the true mean weight of all the castings. **(5)**

c) Differentiate between a sampling error and sampling distribution. Show explicitly the link between the two terms. **(4)**

QUESTION 3

a) Write short explanatory notes on the following terms: **(3 marks each)**

i) Test statistic

ii) Rejection region

iii) Differentiate between the P - value and the significance level

b) A company which manufactures digital cameras has invited tenders for the supply of batteries. Two large, well established rival firms have tendered, and samples of batteries from both of these companies were tested. A sample of 150 batteries from the first supplier had a mean life of 1,643 hours with a standard deviation of 80 hours. A sample of 100 batteries was taken from the second supplier and had a mean life of 1,671 hours with a standard deviation of 93 hours. Test the following hypotheses at a 0.01 level of significance.

i) That the difference in the mean lives of the batteries is significant. **(8)**

ii) That the batteries from the second supplier last longer than those from the first supplier. **(8)**

QUESTION 4

a) The personnel department of a large company is investigating the possibility of assessing the suitability of applicants by using psychological tests instead of normal interview procedures. A comparative test of seven applicants was carried out using both methods. The results are shown in table below:

Applicant	Ranking by interview procedure	Ranking by psychological tests
A	4	5
B	1	2
C	7	7
D	6	4
E	2	1
F	3	3
G	5	6

i) Calculate the rank correlation coefficient **(6)**

ii) Interpret the results obtained in i). **(2)**

b) The following table includes the gross national product(X) and the demand for food(Y) measured in arbitrary units, in Somalia over a 10 year period (2000 – 2009).

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Y	6	7	8	10	8	9	10	9	11	10
X	50	52	55	59	57	58	62	65	68	70

i) Estimate the food function and provide an economic interpretation of your results. **(12)**

iii) Compute the coefficient of determination and interpret it **(5)**

QUESTION 5

Write short explanatory notes on the following Statistical terms: **(5) marks each)**

a) Properties of the OLS estimator.
b) Correlation coefficient
c) Statistical hypothesis
d) Outline the procedure for conducting hypothesis testing.
e) What are the main axioms of probability?

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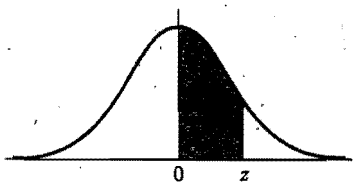
APPENDIX C

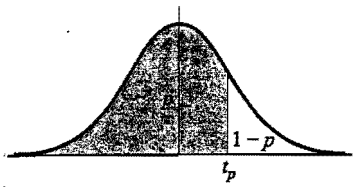


Areas under the Standard Normal Curve from 0 to z

z	0	1	2	3	4	5	6	7	8	9
0.0	.0000	.0040	.0080	.0120	.0160	.0199	.0239	.0279	.0319	.0359
0.1	.0398	.0438	.0478	.0517	.0557	.0596	.0636	.0675	.0714	.0754
0.2	.0793	.0832	.0871	.0910	.0948	.0987	.1026	.1064	.1103	.1141
0.3	.1179	.1217	.1255	.1293	.1331	.1368	.1406	.1443	.1480	.1517
0.4	.1554	.1591	.1628	.1664	.1700	.1736	.1772	.1808	.1844	.1879
0.5	.1915	.1950	.1985	.2019	.2054	.2088	.2123	.2157	.2190	.2224
0.6	.2258	.2291	.2324	.2357	.2389	.2422	.2454	.2486	.2518	.2549
0.7	.2580	.2612	.2642	.2673	.2704	.2734	.2764	.2794	.2823	.2852
0.8	.2881	.2910	.2939	.2967	.2996	.3023	.3051	.3078	.3106	.3133
0.9	.3159	.3186	.3212	.3238	.3264	.3289	.3315	.3340	.3365	.3389
1.0	.3413	.3438	.3461	.3485	.3508	.3531	.3554	.3577	.3599	.3621
1.1	.3643	.3665	.3686	.3708	.3729	.3749	.3770	.3790	.3810	.3830
1.2	.3849	.3869	.3888	.3907	.3925	.3944	.3962	.3980	.3997	.4015
1.3	.4032	.4049	.4066	.4082	.4099	.4115	.4131	.4147	.4162	.4177
1.4	.4192	.4207	.4222	.4236	.4251	.4265	.4279	.4292	.4306	.4319
1.5	.4332	.4345	.4357	.4370	.4382	.4394	.4406	.4418	.4429	.4441
1.6	.4452	.4463	.4474	.4484	.4495	.4505	.4515	.4525	.4535	.4545
1.7	.4554	.4564	.4573	.4582	.4591	.4599	.4608	.4616	.4625	.4633
1.8	.4641	.4649	.4656	.4664	.4671	.4678	.4686	.4693	.4699	.4706
1.9	.4713	.4719	.4726	.4732	.4738	.4744	.4750	.4756	.4761	.4767
2.0	.4772	.4778	.4783	.4788	.4793	.4798	.4803	.4808	.4812	.4817
2.1	.4821	.4826	.4830	.4834	.4838	.4842	.4846	.4850	.4854	.4857
2.2	.4861	.4864	.4868	.4871	.4875	.4878	.4881	.4884	.4887	.4890
2.3	.4893	.4896	.4898	.4901	.4904	.4906	.4909	.4911	.4913	.4916
2.4	.4918	.4920	.4922	.4925	.4927	.4929	.4931	.4932	.4934	.4936
2.5	.4938	.4940	.4941	.4943	.4945	.4946	.4948	.4949	.4951	.4952
2.6	.4953	.4955	.4956	.4957	.4959	.4960	.4961	.4962	.4963	.4964
2.7	.4965	.4966	.4967	.4968	.4969	.4970	.4971	.4972	.4973	.4974
2.8	.4974	.4975	.4976	.4977	.4977	.4978	.4979	.4979	.4980	.4981
2.9	.4981	.4982	.4982	.4983	.4984	.4984	.4985	.4985	.4986	.4986
3.0	.4987	.4987	.4987	.4988	.4988	.4989	.4989	.4989	.4990	.4990
3.1	.4990	.4991	.4991	.4991	.4992	.4992	.4992	.4992	.4993	.4993
3.2	.4993	.4993	.4994	.4994	.4994	.4994	.4994	.4995	.4995	.4995
3.3	.4995	.4995	.4995	.4996	.4996	.4996	.4996	.4996	.4996	.4997
3.4	.4997	.4997	.4997	.4997	.4997	.4997	.4997	.4997	.4997	.4998
3.5	.4998	.4998	.4998	.4998	.4998	.4998	.4998	.4998	.4998	.4998
3.6	.4998	.4998	.4999	.4999	.4999	.4999	.4999	.4999	.4999	.4999
3.7	.4999	.4999	.4999	.4999	.4999	.4999	.4999	.4999	.4999	.4999
3.8	.4999	.4999	.4999	.4999	.4999	.4999	.4999	.4999	.4999	.4999
3.9	.5000	.5000	.5000	.5000	.5000	.5000	.5000	.5000	.5000	.5000

APPENDIX D

Percentile Values t_p for Student's t Distribution with ν Degrees of Freedom



ν	$t_{.55}$	$t_{.60}$	$t_{.70}$	$t_{.75}$	$t_{.80}$	$t_{.90}$	$t_{.95}$	$t_{.975}$	$t_{.99}$	$t_{.995}$
1	.158	.325	.727	1.000	1.376	3.08	6.31	12.71	31.82	63.66
2	.142	.289	.617	.816	1.061	1.89	2.92	4.30	6.96	9.92
3	.137	.277	.584	.765	.978	1.64	2.35	3.18	4.54	5.84
4	.134	.271	.569	.741	.941	1.53	2.13	2.78	3.75	4.60
5	.132	.267	.559	.727	.920	1.48	2.02	2.57	3.36	4.03
6	.131	.265	.553	.718	.906	1.44	1.94	2.45	3.14	3.71
7	.130	.263	.549	.711	.896	1.42	1.90	2.36	3.00	3.50
8	.130	.262	.546	.706	.889	1.40	1.86	2.31	2.90	3.36
9	.129	.261	.543	.703	.883	1.38	1.83	2.26	2.82	3.25
10	.129	.260	.542	.700	.879	1.37	1.81	2.23	2.76	3.17
11	.129	.260	.540	.697	.876	1.36	1.80	2.20	2.72	3.11
12	.128	.259	.539	.695	.873	1.36	1.78	2.18	2.68	3.06
13	.128	.259	.538	.694	.870	1.35	1.77	2.16	2.65	3.01
14	.128	.258	.537	.692	.868	1.34	1.76	2.14	2.62	2.98
15	.128	.258	.536	.691	.866	1.34	1.75	2.13	2.60	2.95
16	.128	.258	.535	.690	.865	1.34	1.75	2.12	2.58	2.92
17	.128	.257	.534	.689	.863	1.33	1.74	2.11	2.57	2.90
18	.127	.257	.534	.688	.862	1.33	1.73	2.10	2.55	2.88
19	.127	.257	.533	.688	.861	1.33	1.73	2.09	2.54	2.86
20	.127	.257	.533	.687	.860	1.32	1.72	2.09	2.53	2.84
21	.127	.257	.532	.686	.859	1.32	1.72	2.08	2.52	2.83
22	.127	.256	.532	.686	.858	1.32	1.72	2.07	2.51	2.82
23	.127	.256	.532	.685	.858	1.32	1.71	2.07	2.50	2.81
24	.127	.256	.531	.685	.857	1.32	1.71	2.06	2.49	2.80
25	.127	.256	.531	.684	.856	1.32	1.71	2.06	2.48	2.79
26	.127	.256	.531	.684	.856	1.32	1.71	2.06	2.48	2.78
27	.127	.256	.531	.684	.855	1.31	1.70	2.05	2.47	2.77
28	.127	.256	.530	.683	.855	1.31	1.70	2.05	2.47	2.76
29	.127	.256	.530	.683	.854	1.31	1.70	2.04	2.46	2.76
30	.127	.256	.530	.683	.854	1.31	1.70	2.04	2.46	2.75
40	.126	.255	.529	.681	.851	1.30	1.68	2.02	2.42	2.70
60	.126	.254	.527	.679	.848	1.30	1.67	2.00	2.39	2.66
120	.126	.254	.526	.677	.845	1.29	1.66	1.98	2.36	2.62
∞	.126	.253	.524	.674	.842	1.28	1.645	1.96	2.33	2.58

Source: R. A. Fisher and F. Yates, *Statistical Tables for Biological, Agricultural and Medical Research*, published by Longman Group Ltd., London (previously published by Oliver and Boyd, Edinburgh), and by permission of the authors and publishers.