

# Econometrics

## Lecture 14: Introduction to Dummy Variables and DV in Regression

### Solutions

1. Inferential Statistics is about numerical and graphical procedures to summarize a collection of data. True / False
2. Interval variables allow for only qualitative classification. True / False
3. Interval Data are measured and ordered with the nearest items but have no meaningful Zero.
4. Mention two examples of ratio data.  
**Age, Income**
5. A dummy variable denotes whether something is true, which is 1, or false, which is 0. True / False
6. If a qualitative variable has  $m$  categories, introduce only
  - a)  $(m - 1)$  dummy variables.
  - b) 'm' only dummy variables.
  - c)  $(m - 2)$  dummy variables.
  - d) both b and c
7. When a regression model contains regressors that are all exclusively dummy, or qualitative, in nature, such models are called:
  - a) t-Test statistics Model
  - b) Z- Test statistics Model
  - c) Regression analysis model
  - d) Analysis of Variance (ANOVA) models.