

Economics 6002 - Fall Semester 2008
Assignment #2: Non-linear Estimation

Due November 4.

Read Berndt, chapter 8, section 8.5.

Do exercise 7 of chapter 8. The [dataset](#) will be posted on the course web page.
Include your SHAZAM output with your assignment.

An example of how to do a non-linear regression in SHAZAM is contained in the examples for [Greene's chapter 11](#) on the web page.

All the nonlinear regressions should converge in SHAZAM if you use the starting values that Berndt suggests in the instructions for Exercise 7.

Note: The data file CIGAD for this assignment consists of two blocks of data, one after the other. SHAZAM can read this data, using two READ commands, one for each block of data. However, in Version 9 of SHAZAM the second READ statement must have the NOREWIND option set (see SHAZAM Manual p. 26); otherwise, this READ statement will reread the file from the beginning (which is not what you want to do). This is default behaviour in earlier versions of SHAZAM, so no special treatment is required if you are using an earlier version.

You may discuss together how to solve the problem posed in the exercise. But remember that handing in someone else's work as your own is a serious academic offense.