

Seminar 5. Censored and truncated models in EViews

Task 1. Fluid milk

File: *fluid.txt*

Variables contained in the data file include the following:

y:	Quantity of fluid milk purchased;
cons:	A column of scalar "1" to capture the intercept term;
city:	1 if Household is located in a town > 15,000 population;
sm_city:	1 if Household is located in a town with 2,500-15,000 population;
num_yung:	Number of household members;
incomet:	Quarterly household income (10,000 Pesos);
num_yung_incomet:	Multiplication of quarterly income and number of members;
perfafh:	Percent of weekly household food expenditures spent on food purchased and consumed outside the home;
refrig:	1 if the household own a refrigerator/freezer.

1. Estimate the best regression, which describes the consumption of fluid milk.
2. Define different rules for truncation of data. If the models are different?

Task 2. Credit rating

File: *credit_data.txt*

Variables contained in the data file include the following:

y:	Number of major derogatory credit reports
cons:	A column of scalar "1" to capture the intercept term
age:	Age in years
age_sqr:	Squared ages
avgexp:	Average monthly credit card expenditures
inc_per:	Per Capita yearly income (divided by \$10,000)
Ownrent:	1 if person owns a home, 0 if he/she rents

1. Estimate the best regression, which describes the number of major derogatory credit reports.
2. Test the model. If OLS approach can lead to better results?

Task 3. Cheese consumption

File: *Cheese_data.txt*

Variables contained in the data file include the following:

y:	Quantity of cheese consumption;
cons:	A column of scalar "1" to capture the intercept term;
city:	1 if Household is located in a town with > 15,000 population;
sm_city:	1 if Household is located in a town with 2,500-15,000 population;
incomet:	Quarterly household income (10,000 Pesos);
refrig:	1 if the household own a refrigerator/freezer.

1. Estimate the best regression, which describes the number of cheese consumption.

2. Test the model. Compare results with standard OLS approach.
3. Using 75% of data forecast last 25%. Calculate RMSPE of forecasts.