Wilfrid W. Csaplar Jr. Review Sheet for Exam 4 & the non-graded lab #9A Economics 350

This review sheet is intended to cover everything that could be on the exam. However, it is possible that I may have inadvertently overlooked something. You are still responsible for everything in the chapters covered except anything that I explicitly say you are not responsible for. Therefore, if I left something off of this sheet, it can still be on the exam. There will be no multiple-choice questions. Most of the questions will be like the ones on the homework assignments, and possibly a few definition questions. I am more likely to ask questions that make you apply definitions rather than have you recite them.

I plan to hold the optional review session for this test on Tuesday 12/2 at 7:00PM in the lab room. I will inform you about the room, once I succeed in reserving it.

Chapter 9: What are the multiplier and the accelerator? Be able to write a model in the reduced form. Running a simulation with two lags is just like with one lag. Be able to run a simulation for a given number of years, like 30 Know the four types of cyclical movement, monotonic convergence, monotonic explosion, damped oscillation, and explosive oscillation. For simulations, do a base-line simulation and then perturb it. See how the path differs. What are the type I and II types of shocks? Which have bigger effects? Why? Know the general conclusions and reasons for those conclusions for the Adelman and Adelman, and the NBER models. Ignore section V.

Chapter 10: What is meant by forecasting and what does it involve? Be able to do the following forecasts: no change model, same change model, same percent change model (a.k.a. same ratio), partial adjustment model, moving average, weighted moving average, moving averages of differences, and single equation regression models. Understand the advantages and disadvantages of each type of forecast. For example, if the variable normally has damped oscillation like unemployment, which ones are good? Or if the variable is normally monotonic explosion, then which will work? Or, why might the supply curve is a moving average of the last two years's prices? Know what we mean by backcasting, ex post simulations, ex post forecast, and ex ante forecast. What are the differences between unconditional and conditional forecasts? How are point and interval forecasts different? Do not worry about the exact formula for the latter, but do understand why the graph on page 347 takes its shape. How does an autoregressive work for conditional forecasts and when will it work well? Know how to find the trend variables in the four ways described on page 354.

Wilf Csaplar Jr. Economics 350 Laboratory #9A To be covered on 12/1
This is a non-graded laboratory assignment that will be covered during the same class in which we cover assignment #9. The purpose of this assignment is to give you sample questions for the material we covered after you handed in laboratory #9, and will be on the exam.

1) (15 points each) For the following variables, would it be better to use the same change, same ratio, or the moving average to forecast that variable. Explain your logic.
A) Population
B) The batting average (or bowling average, or GPA, because they all act the same way.)
C) Prices

2) (20 points) When would you run an ex-post forecast? When would you run a backcast?

3) (15 points) Would a linear model, exponential model, or a parabolic model yield the most accurate trend lines for forecasting GDP? Explain your logic.

4) (20 points) What method would be logical for a farmer to forecast the price of the crop, when deciding how much to plant?