Wilf Csaplar Jr. Economics 350 Laboratory #5 Due 10/18

Do not write your name on the assignment. Write your name only on the back of this sheet of paper and staple your answers on the front of this sheet of paper. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. The Excel file will be handed in via Moodle. Your name will only appear on a page of the file that has nothing else on it. Failure to follow these directions will cost you 1 point on the assignment and failure to type it will cost you 10 points.

All questions, except #1, should be done before the laboratory.

1A) (20 points) Run a regression for the first data set on the page "lab" on the Excel file lab5.xls. Does the regression give good results? Explain your logic.
B) (10 points) Using the results in Part A, determine how much you would expect somebody to buy if their income was $38,000 and the price was $15/unit? Show all work.
C) (20 points) Run a regression for the second data set on the page "lab" on the Excel file lab5.xls. Does the regression give good results? Explain your logic.

2) (30 points) Draw an SRAS/LRAS/AD diagram and use it to show how we derive the Phillips Curve that we had in the 1950's - 1960's. Explain your logic. Draw the resulting Short-run Phillips Curve.

3) (20 points) Illustrate an increase in the expected inflation rate on the Short-run Phillips Curve. Explain why the curve moved as drawn.