Wilf Csaplar Jr.   Economics 350   Homework #5   Due 10/17

Do not put your name anywhere on the assignment, other than on the back of this sheet of paper. Staple your answers on the front of this sheet of paper. Hand the Excel file in via Moodle. Your name should appear only on a blank sheet of the file. Failure to follow these directions will cost you 1 point. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points. If you do double-sided printing or print on the back of scrap paper, I will give you one additional point.

Questions #2 and #3 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) (15 points) Draw the Expectations-Augmented Phillips Curve. Illustrate an increase in the natural rate of unemployment. Explain why the curve moved as drawn.

3) (35 points) Draw the SRAS/LRAS/AD diagram and the Phillips Curve. Suppose that last year, people expected an inflation rate of 10%. This year, they expect the money supply to grow 5%, but the money supply actually grows 7%. Illustrate these effects on the two diagrams. Explain why the curves moved as drawn.