

This class will be taught in the computer lab in 029 in person.

Place your name on the back of this sheet of paper and nowhere else. Staple your answers face up on the front of this sheet of paper. Failure to follow these directions will cost you 10 points. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Turn in the Excel file via Canvas. Place your name on an otherwise blank page of the Excel file. Failure to type this assignment will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

All questions except for #1 & #2 should be done before class and handed in at the start of class.

1) (25 points) Use the page on the [Excel Sheet](#) entitled “Question_1” to answer this question. Run a regression to predict quantity sold. Would you consider the results to be good results? Explain your logic. Which variable(s) would say are significant? **Explain your logic on the Excel sheet.** How much would you expect to sell if the price is \$15/unit and the income is \$60,000? Show all work on the Excel sheet.

2) (25 points) Use the pages on the [Excel Sheet](#) entitled “Question_2” to answer this question. This is actual data from my ECON 162 class an earlier semester. Run a regression to predict the students' grades on the tests. Would you consider the results to be good results? **Explain your logic on the Excel sheet.** How much would you expect your test grade to go down if you missed one class? Show all work on the Excel sheet. Why do you think the Adj R and Significance of F take the values they do? In other words, in the real world, what determines the grade and how does that relate to those values? **Explain your logic on the Excel sheet.**

3) (15 points) Write the equation for fixed mark-up. Explain why it makes sense and how it can cause price rigidity.

4) (25 points) Draw the Kinked Demand Curve. Explain why it looks as it does. Explain how it could cause price stickiness.

5) (10 points) The dock workers want a 10% per year wage increase for 6 years. Is that going to cause real wage rigidity or nominal wage rigidity? Explain your logic. Most union contracts in the USA are for 3 years and have cost of living adjustments (COLAs) for years 2 and 3. Is that going to cause real wage rigidity or nominal wage rigidity? Explain your logic.