

Name:

Enrolment No:



UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, June, 2020

**Course: Financial Econometrics
Program: MBA General (Finance)**

Course code: FINC 8009

Instructions:

**Semester: IV
Time: 03 Hours
Max. Marks: 100**

SECTION -A

(30 Marks)

This section is compulsory

		Marks	CO
1	Stock return of company is best described as what type of number? (a) Continuous (b) Cardinal (c) Ordinal (d) Nominal	5	CO 1
2	There are as many possible sample regression functions as there are: (a) Observations in a sample (b) Researchers to look for them (c) Fish in a sea (d) Different samples from the population	5	CO 1
3	In order to estimate the parameters of a simple ordinary least square regression model, we need all but which of the following conditions to be met? (a) Expected value of the error term is zero (b) Homoscedasticity (c) No correlations among the error terms (d) No correlations between the error term and the explanatory variable(s) (e) Normally distributed error term	5	CO 1
4	When we refer to the deviation form of X and Y, we mean: (a) The difference between Y and X (b) The differences between Y and X and their respective sample means (c) The distance between Y and the regression line, and the difference between X and the regression line (d) The differences between Y and X and their respective population means	5	CO 1

5	For any observation, the amount of Y at a given value of X, say X_0 , consists of: (a) A basic amount of Y that is always present, regardless of the magnitude of X (b) Some amount of Y that is INDUCED by the magnitude of X (c) Some amount of Y that represents random error, and differs randomly from one observation to another (d) All of the above	5	CO 1
6	In multiples regression model $\text{Adjusted } R^2 > \text{Regression } R^2$: a) True b) False c) Uncertain	5	CO 1
SECTION-B (50 Marks)			
Answer any five			
7	What are different types of data used in Econometrics? Explain with examples	10	CO 3
8	What are various diagnostic tests for evaluating a regression output?	10	CO 3
9	Explain how you will estimate CAPM model in Econometrics.	10	CO 2
10	What do you mean by linear and non-linear regression model?	10	CO 2
11	What are different steps in estimating a model in Econometrics?	10	CO 3
12	What are the characteristics of financial data and how the modelling is different from other macroeconomic data?	10	CO 3
SECTION-C (20 Marks)			
This section is compulsory			
13	Suppose you are working in equity research company. Your Manager asked to find the best asset to invest for an Investor. How you will suggest with the help of Financial Econometrics, Explain in detail.	20	CO 4