**Wednesday, 13 April 2011**

**ECF4116 Econometrics**

**Class Exercise**

**Using Quantile Regression in Gretl.**

Open Gretl load Ramamathan sample file Data9-13 Monthly stock return data, 1990-1998.

Choose a company stock

Run a market model regression of the stock return on the US S&P 500 index return.



Interpret the regression coefficients

Run a regression consistent with the CAPM



Interpret the regression

How similar are the beta estimates?

Run the same analyses using quantile regressions (use the model – robust estimation heading)

Use 5 different quantiles .0.05, 0.25, etc

Compare the results.

How stable is beta across the quantiles?

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