Econometrics I, quiz 2

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1. This is a 10-minute quiz

2. At **NO** point in the exam can you discuss the questions/answers with any of your colleagues.

3. When a multiple choice is present, circle the number indicating your choice of the answer.

4. Good luck. :-)

- **Q1 (10 points)**: One of the well known discrete distributions is a binomial distribution. The binomial outcome is the sum of a given number (N) of bernoulli outcomes.

  Example, the number of times the inr-usd rate **goes up** in a fixed N set of days.

  The binomial is parameterised by N, and p the probability of "success" of the bernoulli outcome. The binomial probability of an outcome **s** is given by:

  $$\Pr(X = s) = \frac{n!}{(n-s)!s!}p^s(1-p)^{(n-s)}$$

  In the quiz problem, the binomial variable x is distributed with $n = 5$ and $p = 0.2$.

  1. What is the PD of the binomial?

x	Pr(x)	

  2. What is the expected value of x?