ECO465: Econometrics
Summer 2019 / Assignment 1

NOTES: Must be typed. This is a group (2 members) assignment. You may be randomly picked to explain the assignment in the class. DEADLINE: May 19, 2009 at 3 pm.

1. Download Consumer Price Index (CPI) for five South Asian countries (Bangladesh, India, Nepal, Pakistan and Sri Lanka) over the period 2000-2018. You can download the data from World Bank's WDI or IMF's World Economic Outlook dataset.

a) From the given data, compute the inflation rate for each country.
b) Plot the inflation rate for each country against time (i.e., use the horizontal axis for time and the vertical axis for the inflation rate).
c) What broad conclusions can you draw about the inflation experience in the five South Asian countries?
d) Which country's inflation rate seems to be most variable? Can you offer any explanation?

2. Download the foreign exchange rates for the five South Asian countries for the years 2000-2018. The exchange rate is defined as the number of domestic currency units for one US dollar. The data is available on both WB and IMF websites.

a) Plot the exchange rates against time and comment on the general behavior of the exchange rates over the given time period.
b) Which currencies exhibit appreciation or depreciation behavior vis-à-vis the US dollar?

3. Download the M1 money supply for the five South Asian countries for the years 2000-2018. Can you give reasons why the money supply has been increasing over the time period?

4. Suppose you were to develop an economic model of criminal activities, say, the hours spent in criminal activities (e.g., selling illegal drugs). What variables would you consider in developing such a model? Hint: you can Google some of the works by economist Gary Becker.

5. Suppose you want to study whether income from international remittances improve living standard of households in rural Bangladesh. How would you devise a study to assess the impact of remittance on standard of living?