

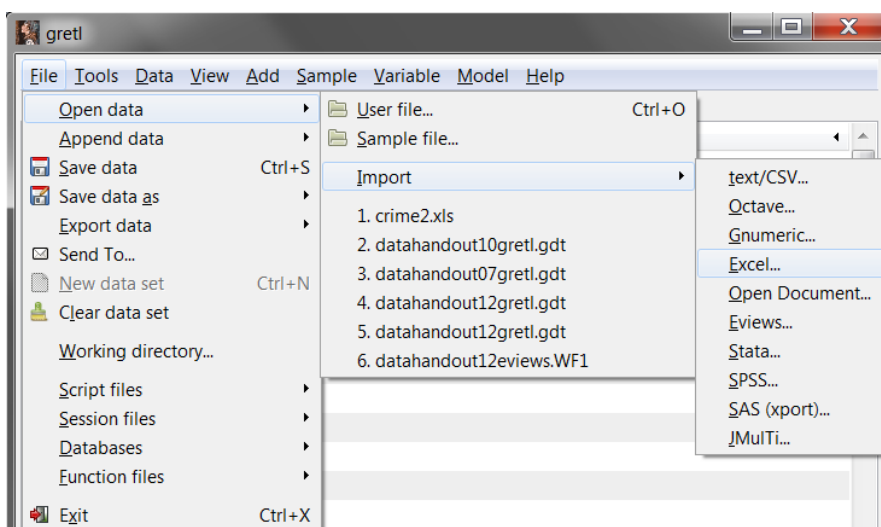
Computer Handout 02: Gretl

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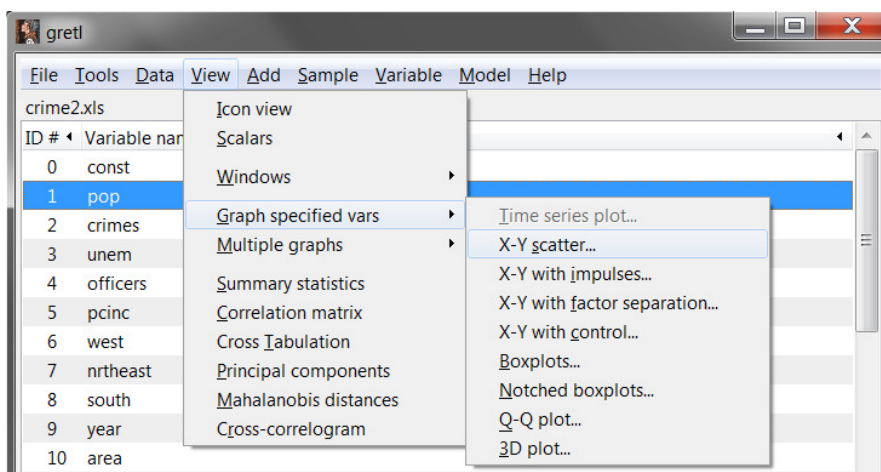
The goal of this Computer Handout 02 is to learn the basics on how to use Gretl in simple scatter plot graphs and to estimate multiple regression models.

Gretl is an open-source (free) software package for econometric analysis written in the C programming language. It can be downloaded from: <http://gretl.sourceforge.net/>
Just follow the instructions to install it in your computer.

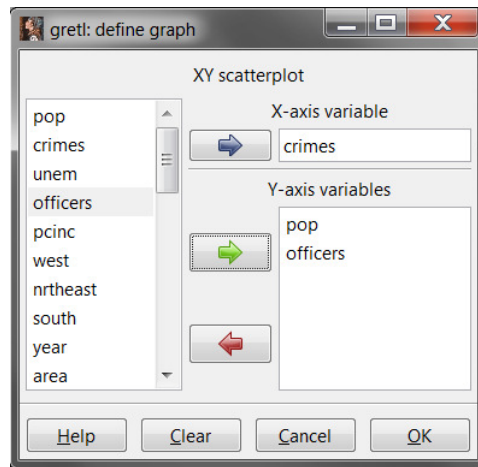
With Gretl you can import data sets from a large number of formats. If you want to open the MS Excel file crime2.xls, just follow these steps:



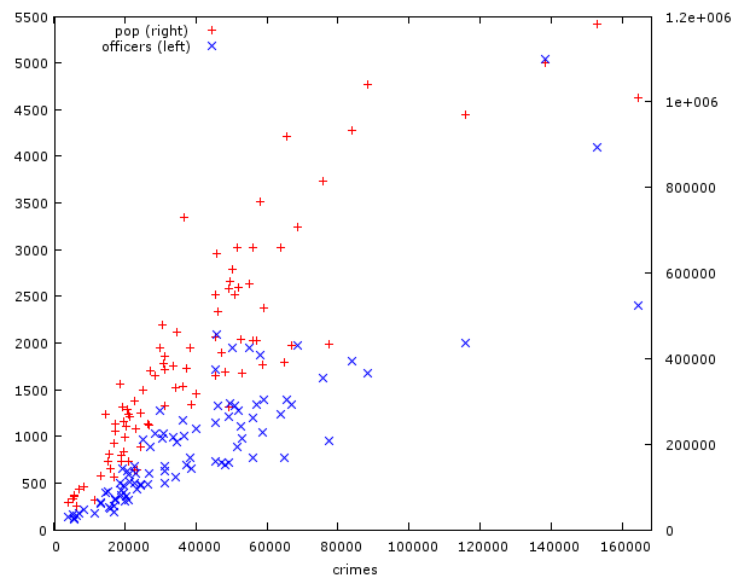
Once you open the data, you can perform a wide range of operations, for example, a simple X-Y scatter graph:



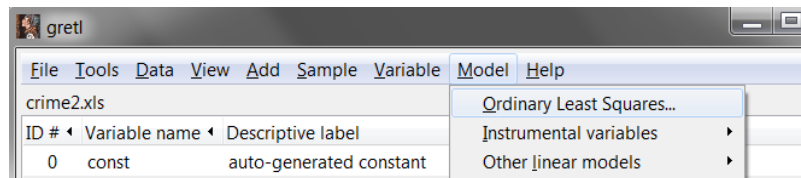
Then select the following options:



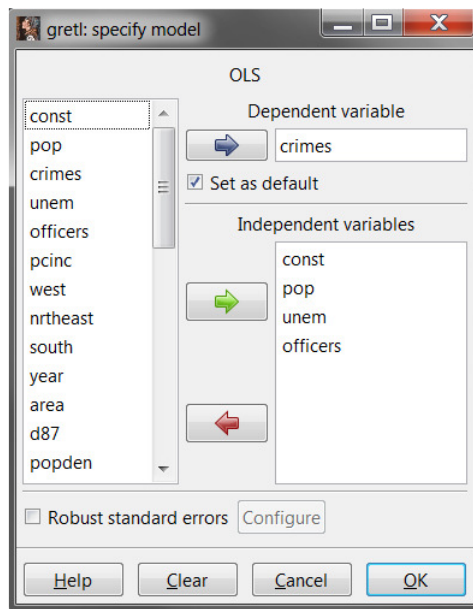
To obtain:



To run a multiple regression model, go to:



and then select the following options:



This will yield the following regression output:

Model 1: OLS, using observations 1-92

Dependent variable: crimes

	coefficient	std. error	t-ratio	p-value	
const	2193.34	3918.06	0.5598	0.5770	
pop	0.0652716	0.0106262	6.143	2.30e-08	***
unem	-279.291	407.791	-0.6849	0.4952	
officers	15.0406	3.57660	4.205	6.25e-05	***
Mean dependent var	39663.53	S.D. dependent var	29692.10		
Sum squared resid	1.39e+10	S.E. of regression	12548.04		
R-squared	0.827293	Adjusted R-squared	0.821405		
F(3, 88)	140.5107	P-value(F)	1.90e-33		
Log-likelihood	-996.7310	Akaike criterion	2001.462		
Schwarz criterion	2011.549	Hannan-Quinn	2005.533		

Excluding the constant, p-value was highest for variable 3 (unem)