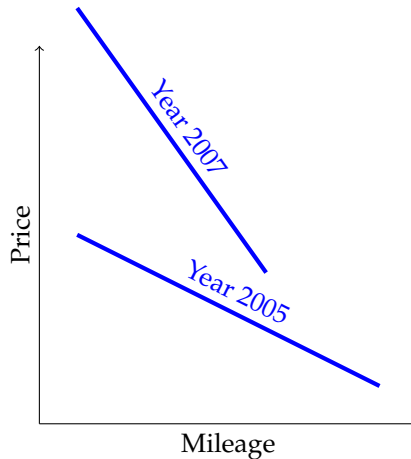


Exer 5.8

[f2007/f2007-124]

The graph shows schematically a possible relationship between used car price, mileage, and the car model year.



Consider the model $\text{price} \sim \text{mileage} * \text{year}$

In your answers, treat year as a simple categorical variable, and use year 2005 as the reference group when thinking about coefficients.

1. What will be the sign of the coefficient on mileage?

- A Negative
- B Zero
- C Positive
- D No way to tell from the information given

Exer 5.8-1

2. What will be the sign of the coefficient on model year?

- A Negative
- B Zero
- C Positive
- D No way to tell from the information given

Exer 5.8-2

3. What will be the sign of the interaction coefficient?

- A Negative
- B Zero
- C Positive
- D There is no interaction coefficient.
- E No way to tell from the information given

Exer 5.8-3