

1. Problem

Using the data provided in `regression.csv` estimate a linear regression of y on x_1 and x_2 . Answer the following questions.

- Proportion of variance explained (in percent):
- F-statistic:
- Characterize in your own words how the response y depends on the regressors x_1 and x_2 .
- Upload the R script you used to analyze the data.

Solution

The presented results describe a semi-logarithmic regression.

Call:

```
lm(formula = log(y) ~ x1 + x2, data = d)
```

Residuals:

Min	1Q	Median	3Q	Max
-2.68802	-0.67816	-0.01803	0.68866	2.35064

Coefficients:

	Estimate	Std. Error	t value	Pr(> t)
(Intercept)	-0.06802	0.13491	-0.504	0.616
x1	1.37863	0.13351	10.326	9.34e-15
x2	-0.21449	0.13995	-1.533	0.131

Residual standard error: 1.052 on 58 degrees of freedom

Multiple R-squared: 0.6511, Adjusted R-squared: 0.6391

F-statistic: 54.12 on 2 and 58 DF, p-value: 5.472e-14

The mean of the response y increases with increasing x_1 . If x_1 increases by 1 unit then a change of y by about 296.94 percent can be expected. Also, the effect of x_1 is significant at the 5 percent level.

Variable x_2 has no significant influence on the response at 5 percent level.

The R-squared is 0.6511 and thus 65.11 percent of the variance of the response is explained by the regression.

The F-statistic is 54.12.

- Proportion of variance explained: 65.11 percent.
- F-statistic: 54.12.
- Characterization: semi-logarithmic.
- R code.