Economics 310
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University of Wisconsin-Madison

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Social Sciences 7418

Example of Simple Regression Application:
Oil and Gasoline Prices

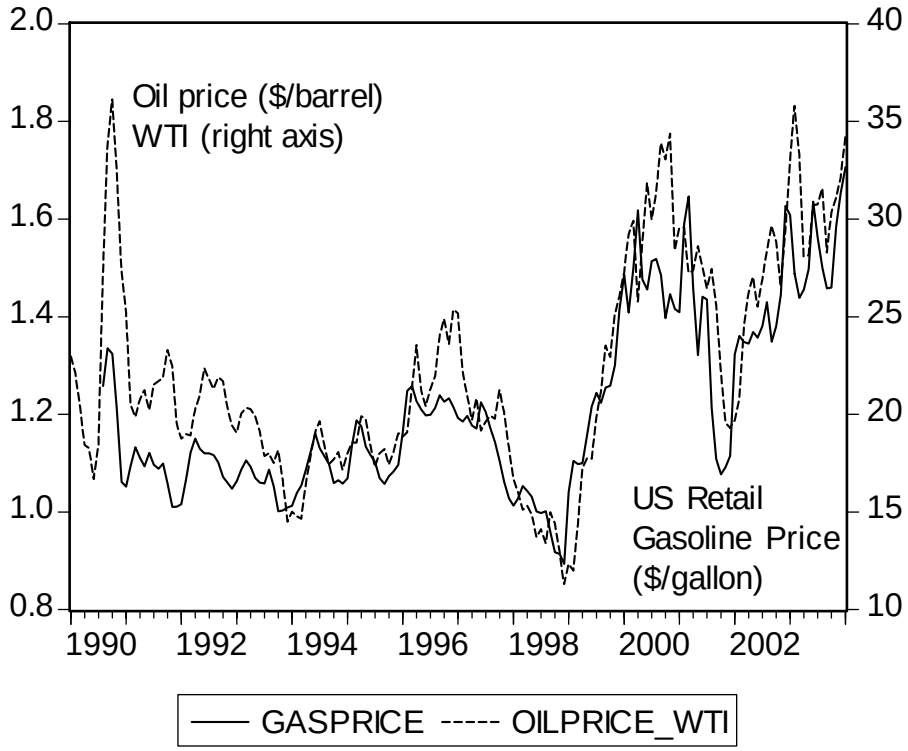


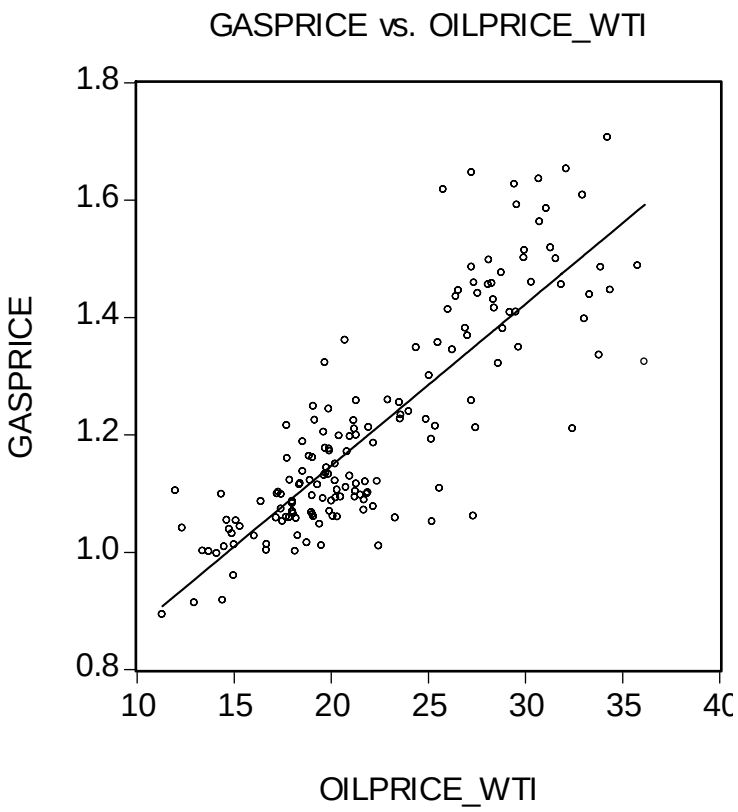
Figure 1: Average of weekly regular gasoline prices, in dollars per gallon; and price per barrel of West Texas Intermediate. **Source:** IMF, *International Financial Statistics* and DOE Energy Information Administration, http://www.eia.doe.gov/.

Dependent Variable: GASPRICE
Method: Least Squares
Date: 04/21/04 Time: 14:17
Sample(adjusted): 1990:08 2004:01
Included observations: 162 after adjusting endpoints

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.596438	0.031636	18.85339	0.0000
OILPRICE_WTI	0.027559	0.001373	20.07885	0.0000

R-squared	0.715889	Mean dependent var	1.212457
Adjusted R-squared	0.714113	S.D. dependent var	0.183697
S.E. of regression	0.098220	Akaike info criterion	-1.790945
Sum squared resid	1.543546	Schwarz criterion	-1.752827
Log likelihood	147.0666	F-statistic	403.1602
Durbin-Watson stat	0.563041	Prob(F-statistic)	0.000000

[OVER]


GASPRICE vs. OILPRICE_WTI
GASPRICE
1.8
1.6
1.4
1.2
1.0
0.8
10
15
20
25
30
35
40
OILPRICE_WTI