

**Example of Higher Order Terms, Interactions and Dummy Variables:
 Oil and Gasoline Prices**

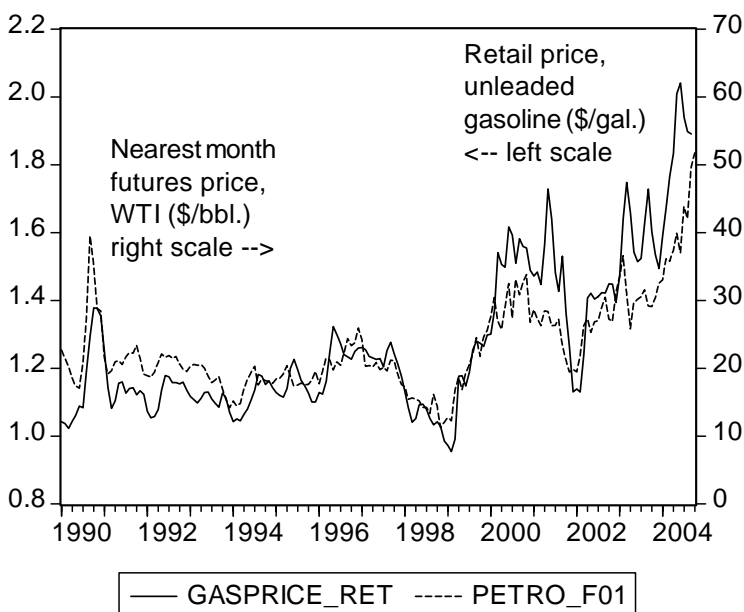


Figure 1: Average of weekly regular gasoline prices, in dollars per gallon; and nearest month futures price per barrel of West Texas Intermediate. **Source:** Bloomberg and DOE Energy Information Administration, <http://www.eia.doe.gov/>.

Dependent Variable: GASPRICE_RET
 Method: Least Squares
 Date: 12/06/04 Time: 10:44
 Sample (adjusted): 1990:08 2004:09
 Included observations: 170 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.592698	0.028572	20.74403	0.0000
PETRO_F01	0.029864	0.001187	25.15313	0.0000
R-squared	0.790178	Mean dependent var		1.283153
Adjusted R-squared	0.788929	S.D. dependent var		0.224994
S.E. of regression	0.103368	Akaike info criterion		-1.689355
Sum squared resid	1.795056	Schwarz criterion		-1.652464
Log likelihood	145.5952	F-statistic		632.6800
Durbin-Watson stat	0.716663	Prob(F-statistic)		0.000000

Dependent Variable: GASPRICE_RET

Method: Least Squares

Date: 12/15/04 Time: 12:39

Sample: 1990:08 2004:09

Included observations: 170

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.587743	0.028630	20.52859	0.0000
PETRO_F01	0.029769	0.001184	25.14509	0.0000
SUMMER	0.028262	0.018186	1.554064	0.1221
R-squared	0.793169	Mean dependent var		1.283153
Adjusted R-squared	0.790692	S.D. dependent var		0.224994
S.E. of regression	0.102935	Akaike info criterion		-1.691949
Sum squared resid	1.769467	Schwarz criterion		-1.636611
Log likelihood	146.8157	F-statistic		320.2122
Durbin-Watson stat	0.724666	Prob(F-statistic)		0.000000

Dependent Variable: GASPRICE_RET

Method: Least Squares

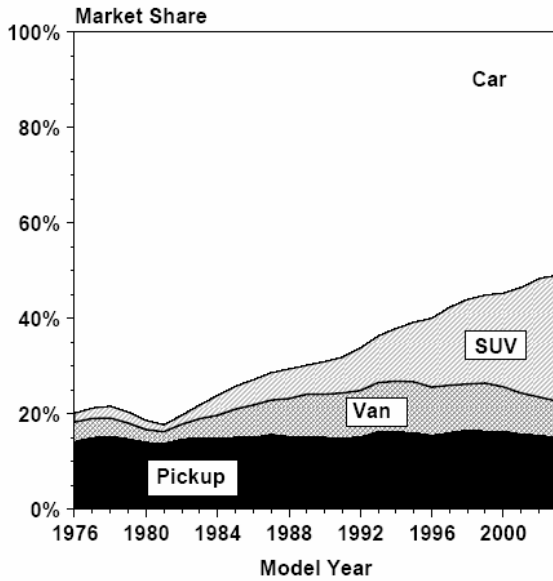
Date: 12/15/04 Time: 12:38

Sample: 1990:08 2004:09

Included observations: 170

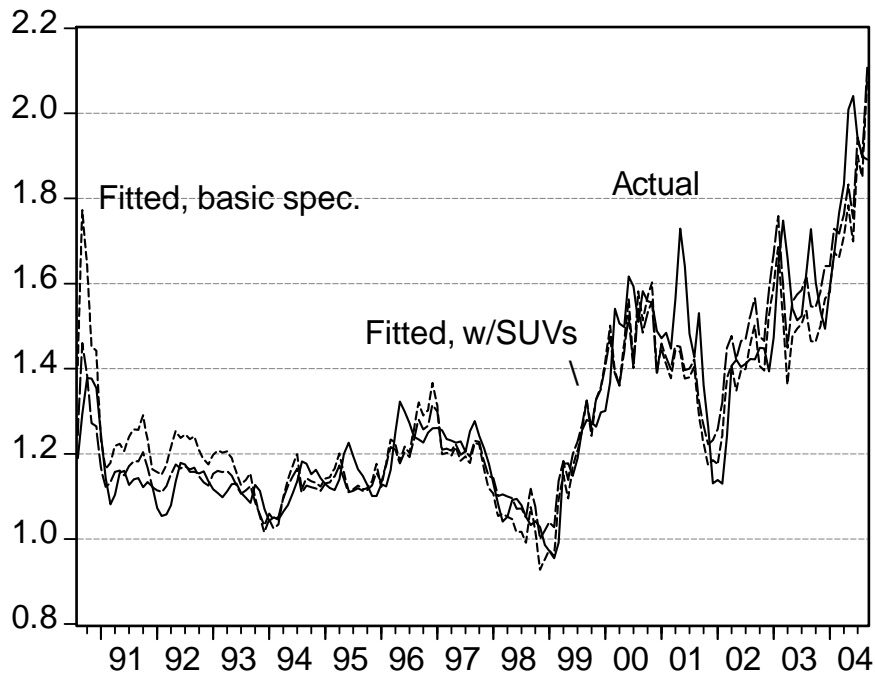
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.609634	0.032911	18.52358	0.0000
PETRO_F01	0.028814	0.001380	20.88266	0.0000
SUMMER	-0.055713	0.065290	-0.853312	0.3947
SUMMER*PETRO_F01	0.003573	0.002669	1.338907	0.1824
R-squared	0.795379	Mean dependent var		1.283153
Adjusted R-squared	0.791681	S.D. dependent var		0.224994
S.E. of regression	0.102692	Akaike info criterion		-1.690926
Sum squared resid	1.750562	Schwarz criterion		-1.617142
Log likelihood	147.7287	F-statistic		215.0856
Durbin-Watson stat	0.733159	Prob(F-statistic)		0.000000

Sales Fraction by Vehicle Type
(Three-Year Moving Average)



Dependent Variable: GASPRICE_RET
 Method: Least Squares
 Date: 12/15/04 Time: 12:30
 Sample: 1990:08 2004:09
 Included observations: 170

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.773913	0.080134	9.657746	0.0000
PETRO_F01	0.014879	0.003417	4.354216	0.0000
SUVFRACTION	-0.239289	0.440546	-0.543164	0.5877
SUVFRACTION*PETRO_F01	0.050755	0.016826	3.016533	0.0030
R-squared	0.861538	Mean dependent var	1.283153	
Adjusted R-squared	0.859036	S.D. dependent var	0.224994	
S.E. of regression	0.084474	Akaike info criterion	-2.081490	
Sum squared resid	1.184562	Schwarz criterion	-2.007706	
Log likelihood	180.9266	F-statistic	344.2956	
Durbin-Watson stat	0.873690	Prob(F-statistic)	0.000000	



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Dependent Variable: GASPRICE_RET
 Method: Least Squares
 Date: 12/15/04 Time: 12:44
 Sample: 1990:08 2004:09
 Included observations: 170

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.556428	0.084412	6.591831	0.0000
PETRO_F01	0.032832	0.006605	4.970911	0.0000
PETRO_F01^2	-5.58E-05	0.000122	-0.456773	0.6484
R-squared	0.790440	Mean dependent var		1.283153
Adjusted R-squared	0.787930	S.D. dependent var		0.224994
S.E. of regression	0.103612	Akaike info criterion		-1.678839
Sum squared resid	1.792817	Schwarz criterion		-1.623502
Log likelihood	145.7013	F-statistic		314.9542
Durbin-Watson stat	0.706599	Prob(F-statistic)		0.000000