**Homework 3**

**Due Nov 14, 2013 – In Class**

1. Use your simulation model for Homework 2 and rank the risky scenarios using the following methods:
   1. FDSD do this without the aid of Simetar’s function for stochastic dominance.
   2. SDSD do this without the aid of Simetar’s function for stochastic dominance.
   3. SDRF you can use the Simetar stochastic dominance function but you have to choose your ARAC’s and justify them.
   4. SERF using ARAC for negative exponential utility function.
   5. SERF using RAC for a power function.

Note: On setting your RAC and ARAC assume W equals $500,000

1. Estimate the confidence intervals for the elasticities in the model you estimate to forecast Y given the data in HWK3DATA.XLSX. Show all of your work and explain your steps and results.