Homework 11. Due Wednesday April 24.

1. Using the program I posted, simulate and estimate an AR(1)-model.

   - Run the "AR(1) Maximimum Likelihood" program.

   - Add to the AR-program an OLS regression of x_t on a constant and a lag and compare the results (this has to either be done for the same generated values or you set a "seed" for the random number generator so that the draws are identical).

   - Try different values of the autoregressive parameter. Does the conclusion change in the autoregressive parameter is very close to unity (like 0.99 or 0.999).