# Regression Analysis Assignment:
## Economics of Wine

After watching Economists in the Wild featuring Orley Ashenfelter's research on how to buy wine, answer the questions below. Here is the research paper.

Questions 1- 3 are related to the table below.

**Table 2 – Regressions of the (Logarithm of) Price of Different Vintages of a Portfolio of Bordeaux Chateau Wines on Weather Variables**

| Independent Variables | (1) | (2) | (3) |
|---|---|---|---|
| Age of vintage | 0.0354<br>(0.0137) | 0.0238<br>(0.00717) | 0.0240<br>(0.00747) |
| Average temperature over growing season (April-September) | | 0.616<br>(0.0952) | 0.608<br>(0.116) |
| Rain in August | | -0.00386<br>(0.00081) | -0.00380<br>(0.000950) |
| Rain in the months preceding the vintage (October-March) | | 0.001173<br>(0.000482) | 0.00115<br>(0.000505) |
| Average temperature in September | | | 0.00765<br>(0.0565) |
| R^2 | 0.212 | 0.828 | 0.828 |
| Root mean squared error | 0.575 | 0.287 | 0.293 |

Notes: All regressions use as data the vintages of 1952-1980, excluding the 1954 and 1956 vintages, which are now rarely sold; all regressions contain an intercept, which is not reported.

Standard errors are in parentheses

1. According to the table above, what is true about the relationship between Bordeaux wine and rain in August?

a. Positively correlated, but statistically insignificant
b. Positively correlated, and statistically significant
c. Negatively correlated, but statistically insignificant
d. Negatively correlated, and statistically significant

2. According to the table above, which independent variable has the largest (statistically significant) effect on the price of Bordeaux wine?

a. Age of the vintage
b. Average temperature over the growing season (April-September)

c. Rain in August
d. Average temperature in September

3. According to the results from the **second equation**, with every additional year, the price of a vintage increases by

a. .024%
b. .048%
c. 2.4%
d. 4.8%