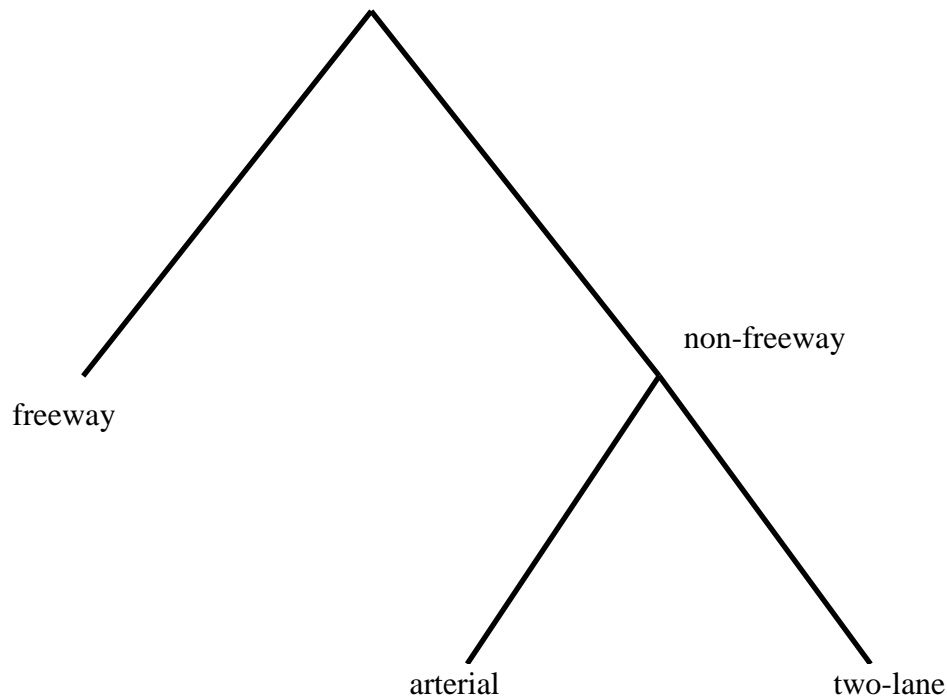


Comments on Assignment # 5

1. Define the nesting structures in your Table title. Example: “Table 1. Nested logit model of route choice: Upper nest, freeway and non-freeway, and lower nest, arterial and rural road”.



2. For the logsum test (comparing the parameter =1). The null hypothesis is that the parameter is equal to one which means a simple MNL structure. When you get a t-stat by computing:

$$t^* = \frac{\beta - 1}{S.E.(\beta)}$$

The confidence level you get is the confidence that you can reject the null hypothesis. So if you get a t-stat of 0.543 with the degrees of freedom being the number of observations (151) minus the number of parameters you estimated (say 10), you will get from the online calculator a cumulative probability of 0.7060 which means you are only 70.6 percent confident that the null hypothesis (logsum parameter = 1, which is the MNL model) can be rejected.

3. Students must continue work on getting the Tables correct. If you have been messing up your tables all along, or do not fully understand what is being estimated, it becomes really obvious when you create your table. Getting the Table right will help you understand the material and explain your results. Not having the Table right is a good indication that you do not understand what you are doing.