

## **OBJECTIVE**

- To introduce categorical or dummy variables to deal with qualitative data
- To represent different forms for dummy independent variables by means of illustrations
- To highlight some essential features of the dummy variables
- To discuss the problem of combining two regressions
- To highlight interaction effect in additive and multiplicative models using dummy variables
- To discuss how a time series can be deseasonalised by using dummy variables method
- To highlight piecewise regression by means of an actual application
- To interpret log-lin model with dummy variable.