ECON 5760
Philip Shaw
Problem Set 3

Problem 1. For this problem write a script file called NC.m that implements the Newton-Cotes method of integration for an arbitrary function $f(x)$. It should take as inputs the function and the limits of integration $[a, b]$ and output the value of the definite integral. Specifically, you should use the Trapezoid rule as presented in Equation (11.73)

a. Using your code above, integrate over the support $x \in [-3, 0]$ for $\phi(x)$ where $\phi(x)$ is the standard normal p.d.f.. How accurate is this approximation?

b. It is well known that the Trapezoid rule gives a more accurate approximation if the intervals are broken-up into smaller intervals so that: $I_1 = [a, b_1]$, $I_2 = [b_1, b_2]$, $I_3 = [b_2, b_3]$,...,$I_{n-1} = [b_{n-1}, b_n]$ where $b_n = b$. Write a program that implements this strategy using your NC.m code from above. It should be able to complete the task for an arbitrary n. How many sub-intervals must be created to get an "accurate" approximation of $\int_{-3}^{0} \phi(x)$?

Problem 2 For this problem write a function that implements the besection method as discussed in class. It should take as inputs the function to be used in the search for the point x^* for which $f(x^*) = 0$ and the intervals a and b to start the process. Call this function bisection.m.

a. Using the function $f(x) = ln(x)$, implement your code from above to find the point x^*.