

ECONOMETRICS II, FALL 2017

Homework 10. Due Monday November 27th.

1. Modify the program Econ8331_HS.m to replicate the study by Hansen and Singleton. Try and estimate the model using 3–5 different sets of instruments. Try a set of instruments which you may think is good (argue why) and one which you may think is not so good. Try different lag-lengths. Try using a lot of instruments and try to use just a few. Comment on your results. Are the results stable to the choice of instruments?
2. Using the program Econ8331_IV.m, answer questions 8.10 and 8.11 in Davidson-MacKinnon.