

ECONOMETRICS II, FALL 2024

Homework 7. Due Wednesday October 16th.

1. Use the posted program 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. Change the program to estimate an AR(1) model for consumption by GMM.