

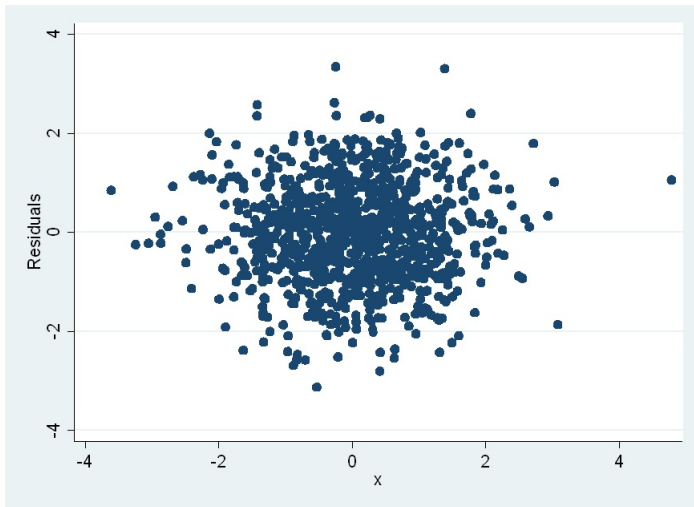
Heteroskedasticity

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Consequences

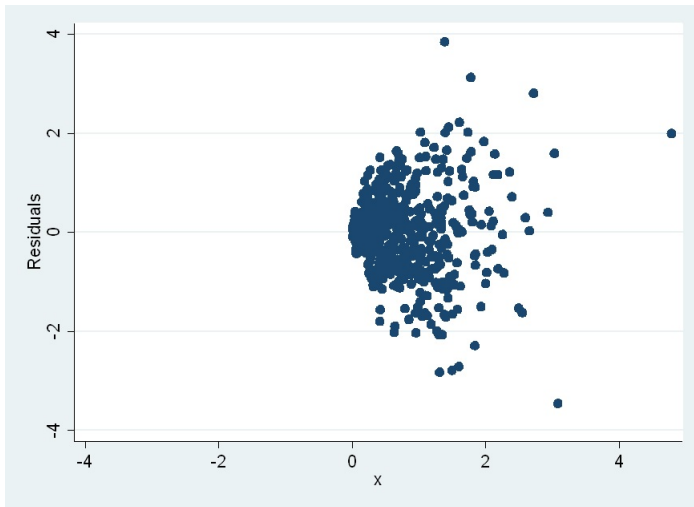
Consequences (cont.)

Homoskedasticity example



Consequences (cont.)

Heteroskedasticity example



Heteroskedasticity-Robust Inference

Haiku by Keisuke Hirano

T-stat looks too good.
Use robust standard errors-
significance gone.

<https://keihirano.github.io/haiku.html>

Testing

Weighted Least Squares