

HCCMETHOD= Option

0, 1, 2, or 3 specifies the method that is used to obtain a heteroscedasticity-consistent covariance matrix for use with the ACOV, HCC, or WHITE option in the MODEL statement and for heteroscedasticity-consistent tests with the TEST statement. The default is HCCMETHOD=0.

MacKinnon and White (1985) introduced three alternative heteroscedasticity-consistent covariance matrix estimators that are all asymptotically equivalent to the estimator HC0. These estimators (labeled HC1, HC2, and HC3) typically have better small sample behavior than HC0. Long and Ervin (2000) studied the performance of these estimators and recommend using the HC3 estimator if the sample size is less than 250.

Close