How big should our N be?

- For testing the regression N ≥ 50 + 8k (where k = no. of predictors)

- For testing individual predictors N ≥ 104 + k

- Usually we want to test both so calculate both equations and choose the one that produces the largest number.

- For example, with k=6 we require N=98 to test the regression and N=110 to test the individual predictors. We select 110.

Multicollinearity and Singularity

- Multicollinearity: when two or more variables are highly correlated (tested by examining VIF value for each variable).

- Singularity: redundancy (e.g., one of the variables is a combination of two or more of the other IVs).

- We can use collinearity diagnostics to see if we have a possible problem…