

# On the Size and Power of Heteroscedasticity and Autocorrelation Robust Tests in Time Series Regression Models

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We discuss finite sample properties of heteroscedasticity and autocorrelation robust tests for linear restrictions in time series regression models. Our analysis covers, in particular, standard tests based on long-run-variance estimators. The results obtained explain size distortions and power deficiencies observed in numerous simulation studies available in the literature. In particular, it is shown that the problems are caused by an interplay between the structural form of the test functions and certain concentration effects due to serial dependence.

Joint work with David Preinerstorfer.