



## help binsregselect

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### Title

**binsregselect** — Data-driven IMSE-Optimal Partitioning/Binning Selection for Binscatter.

### Syntax

```
binsregselect depvar indvar [othercovs] [if] [in] [weight] [, deriv(v)
absorb(absvars) reghdfeopt(reghdfe_option)
bins(p s) binspos(position) binsmethod(method) nbinsrot(#)
simsgrid(#) savegrid(filename) replace
dfcheck(n1 n2) masspoints(masspointsoption)
vce(vcetype) usegtools(on/off) useeffn(#) randcut(#) ]
```

where *depvar* is the dependent variable, *indvar* is the independent variable for binning, and *othercovs* are other covariates to be controlled for.

*p*, *s* and *v* are integers satisfying  $0 \leq s, v \leq p$ .

**fweights**, **aweight**s and **pweight**s are allowed; see [weight](#).

### Description

**binsregselect** implements data-driven procedures for selecting the number of bins for binscatter estimation. The selected number is optimal in minimizing the (asymptotic) integrated mean squared error (IMSE).

### Options

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Estimand

**deriv**(*v*) specifies the derivative order of the regression function for estimation, testing and plotting. The default is **deriv**(0), which corresponds to the function itself.

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Reghdfe

**absorb**(*absvars*) specifies categorical variables (or interactions) representing the fixed effects to be absorbed. This is equivalent to including an indicator/dummy variable for each category of each *absvar*. When **absorb**() is specified, the community-contributed command **reghdfe** instead of the command **regress** is used.

**reghdfeopt**(*reghdfe\_option*) options to be passed on to **reghdfe**. Important: **absorb**() and **vce**() should not be specified within this option.

For more information about the community-contributed command **reghdfe**, please see <http://scorreia.com/software/reghdfe/>.

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Partitioning/Binning Selection

**bins**(*p* *s*) sets a piecewise polynomial of degree *p* with *s* smoothness constraints for data-driven (IMSE-optimal) selection of the partitioning/binning scheme. The default is **bins**(0 0), which corresponds to piecewise constant (canonical binscatter).

**binspos**(*position*) specifies the position of binning knots. The default is **binspos**(*qs*), which corresponds to quantile-spaced binning (canonical binscatter). Other option is **es** for evenly-spaced binning.

**binsmethod**(*method*) specifies the method for data-driven selection of the number of bins. The default is **binsmethod(dpi)**, which corresponds to the IMSE-optimal direct plug-in rule. The other option is: **rot** for rule of thumb implementation.

**nbinsrot**(#) specifies an initial number of bins value used to construct the DPI number of bins selector. If not specified, the data-driven ROT selector is used instead.

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#### Evaluation Points Grid Generation

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**simsgrid**(#) specifies the number of evaluation points of an evenly-spaced grid within each bin used for evaluation of the supremum (infimum or Lp metric) operation needed to construct confidence bands and hypothesis testing procedures. The default is **simsgrid(20)**, which corresponds to 20 evenly-spaced evaluation points within each bin for approximating the supremum (or infimum) operator.

**savegrid**(*filename*) specifies a filename for storing the simulation grid of evaluation points. It contains the following variables: *indvar*, which is a sequence of evaluation points used in approximation; all control variables in *othercovs*, which take values of zero for prediction purpose; *binsreg\_isknot*, indicating whether the evaluation point is an inner knot; and *binsreg\_bin*, indicating which bin the evaluation point belongs to.

**replace** overwrites the existing file when saving the grid.

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#### Mass Points and Degrees of Freedom

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**dfcheck**(*n1 n2*) sets cutoff values for minimum effective sample size checks, which take into account the number of unique values of *indvar* (i.e., adjusting for the number of mass points), number of clusters, and degrees of freedom of the different statistical models considered. The default is **dfcheck(20 30)**. See Cattaneo, Crump, Farrell and Feng (2021b) for more details.

**masspoints**(*masspointsoption*) specifies how mass points in *indvar* are handled. By default, all mass point and degrees of freedom checks are implemented. Available options:

**masspoints**(*noadjust*) omits mass point checks and the corresponding effective sample size adjustments.

**masspoints**(*nolocalcheck*) omits within-bin mass point and degrees of freedom checks.

**masspoints**(*off*) sets **masspoints**(*noadjust*) and **masspoints**(*nolocalcheck*) simultaneously.

**masspoints**(*veryfew*) forces the command to proceed as if *indvar* has only a few number of mass points (i.e., distinct values). In other words, forces the command to proceed as if the mass point and degrees of freedom checks were failed.

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#### Other Options

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**vce**(*vcetype*) specifies the *vcetype* for variance estimation used by the command **regress** (or **reghdfe** if **absorb()** is specified). The default is **vce(robust)**.

**usegtools**(*on/off*) forces the use of several commands in the community-distributed Stata package **gtools** to speed the computation up, if *on* is specified. Default is **usegtools(off)**.

For more information about the package **gtools**, please see <https://gtools.readthedocs.io/en/latest/index.html>.

**useeffn**(#) specifies the effective sample size # to be used when computing the (IMSE-optimal) number of bins. This option is useful for extrapolating the optimal number of bins to larger (or smaller) datasets than the one used to compute it.

**randcut(#)** specifies the upper bound on a uniformly distributed variable used to draw a subsample for bins selection. Observations for which **runiform()<=#** are used. # must be between 0 and 1.

### **Examples**

```
Setup
. sysuse auto

Select IMSE-optimal number of bins using DPI-procedure
. binsregselect mpg weight foreign
```

### **Stored results**

```
Scalars
  e(N)                number of observations
  e(Ndist)            number of distinct values
  e(Nclust)           number of clusters
  e(p)               degree of piecewise polynomial
  e(s)              smoothness of piecewise polynomial
  e(deriv)           order of derivative
  e(imse_bsq_rot)    bias constant in IMSE, ROT selection
  e(imse_var_rot)    variance constant in IMSE, ROT selection
  e(imse_bsq_dpi)    bias constant in IMSE, DPI selection
  e(imse_var_dpi)    variance constant in IMSE, DPI selection
  e(nbinsrot_poly)   ROT number of bins, unregularized
  e(nbinsrot_regul)  ROT number of bins, regularized or user-specified
  e(nbinsrot_uknot)  ROT number of bins, unique knots
  e(nbinsdpi)        DPI number of bins
  e(nbinsdpi_uknot)  DPI number of bins, unique knots

Matrices
  e(knot)            numlist of knots
```

### **References**

Cattaneo, M. D., R. K. Crump, M. H. Farrell, and Y. Feng. 2021a. [On Binscatter](#). *arXiv:1902.09608*.

Cattaneo, M. D., R. K. Crump, M. H. Farrell, and Y. Feng. 2021b. [Binscatter Regressions](#). *arXiv:1902.09615*.

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