STaTa®
Statistics/Data Analysis

help binsregselect

Title

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

Syntax

> **binsregselect** <u>*depvar*</u> *indvar* [*covars*] [<u>*if*</u>] [<u>*in*</u>] [<u>*weight*</u>] [, **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(**<u>*vcetype*</u>**) usegtools(***on/off***) useeffn(***#***) randcut(***#***)]**

where <u>*depvar*</u> is the dependent variable, *indvar* is the independent variable for
binning, and *covars* are other covariates to be controlled for.

p, s and v are integers satisfying 0 <= s,v <= p.

fweights, **aweight**s and **pweight**s are allowed; see <u>weight</u>.

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

┌─── 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.

┌─── 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/.

┌─── 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.

─────┐ Evaluation Points Grid Generation └─────

simsgrid(*#***)** specifies the number of evaluation points of an evenly-spaced grid
within each bin used for evaluation of the supremum (or infimum) 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
covars, 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.

─────┐ Mass Points and Degrees of Freedom └─────

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.

─────┐ Other Options └─────

vce(*vcetype***)** specifies the *vcetype* for variance estimation used by the command
regress. 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 distince 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.

Authors

    Matias D. Cattaneo, Princeton University, Princeton, NJ. cattaneo@princeton.edu.

    Richard K. Crump, Federal Reserve Band of New York, New York, NY.
        richard.crump@ny.frb.org.

    Max H. Farrell, University of Chicago, Chicago, IL. max.farrell@chicagobooth.edu.

    Yingjie Feng, Princeton University, Princeton, NJ. yingjief@princeton.edu.