

Topic 6: DID and TWFE

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Key points: This note is on the causal panel data, building upon [Arkhangelsky and Imbens \(2023\)](#).

Disclaimer: *This note is compiled by Sai Zhang.*

6.1 Panel Data Configurations

6.1.1 Data Types

6.1.1.1 Panel Data

For observations on N units, indexed by $i = 1, \dots, N$, over T periods, indexed by $t = 1, \dots, T$, the outcome of interest is denoted by Y_{it} , the treatment W_{it} . These observations may themselves consist of averages over more basic units:

$$\mathbf{Y} = \begin{pmatrix} Y_{11} & \cdots & Y_{1T} \\ \vdots & \ddots & \vdots \\ Y_{N1} & \cdots & Y_{NT} \end{pmatrix} \quad \mathbf{W} = \begin{pmatrix} W_{11} & \cdots & W_{1T} \\ \vdots & \ddots & \vdots \\ W_{N1} & \cdots & W_{NT} \end{pmatrix}$$

we may also observe exogenous variables X_{it} or X_i . Typically, we focus on a balanced panel where for all units $i =$

6.1.2 Shapes of Data Frames

6.1.3 Assignment Mechanisms

References

Dmitry Arkhangelsky and Guido Imbens. Causal models for longitudinal and panel data: A survey. Technical report, National Bureau of Economic Research, 2023.