

| cole | |
|--------------|--|
| ormale | |
| upérieure — | |
| aris-saclay- | |

INTRODUCTION TO STATA

Yao Thibaut Kpegli

Master 1 in Economics, ENS Paris-Saclay 2023–2024





Introduction

Purpose

- A quick and intensive reminder about STATA (4.5 hours)
 - to make you operational during your econometrics classes over the year

STATA: DEFINITION

STATA is a fee-based software to conduct statistical and econometrics analysis, optimization, simulation, numerical computation, etc...





Installation

Installation

- download the setup of STATA from the intranet of ENS Paris-Saclay
- Install the setup (use the informations of the license provided by ENS)

STATA AS A SIMPLE CALCULATOR

DISPLAY AND SCALAR

- sca a 2
- sca b = 3
- sca c = -4
- di a
- di b

COMMON OPERATIONS

- addition : di 2+3 or di a+b
- subtraction: di 2-3 or di a-b
- product : di 2*3 or di a*b
- division: di 2/2 or di a/b
 - remark: STATA accepts shortened command name (true also for variable)



COMMON MATH FUNCTIONS

COMMON MATH FUNCTIONS

- square/exponent : di 2^3 or di a^b
- square root: di sqrt(2) or di di sqrt(a)
- exponential : $\exp(2)$ or di $\exp(a)$
- $\log \operatorname{arithm} : \operatorname{di} \log(2) \text{ or } \log(a)$
- min: di min(2,3) or di min(a,b)
- max: di $\max(2,3)$ or di $\max(a,b)$
- absolute val.: di abs(-4) or di abs(c)
- sign: di sign(-4) or di sign(c)
- \bullet round: di round(4.56789, 0.01)
- ceiling: di ceil(4.56789)
- integer: di int(4.56789)



MATRIX OPERATIONS

MATRIX OPERATIONS

$$A = \left(\begin{array}{cc} 1 & 2 \\ 3 & 4 \end{array}\right)$$

- define matrix: matrix $A = (1, 2 \setminus 3, 4)$
- show the matrix: matrix list A
- extract element at line i=2 and column j=1: di A[2,1]

IDENTY MATRIX

- mat I = I(2)
- mat li I

$$\begin{pmatrix} 1 & 0 \\ 0 & 1 \end{pmatrix}$$

REPETITION MATRIX J(NROW, NCOL, VALUE)

- mat V1 = J(2,1,1)
- mat li V1

MATRIX OPERATIONS

MATRIX OPERATIONS

- transposition:
 - mat define B = A'
 - mat li B
- matrix product
 - mat define C = A*C
 - mat li C
- matrix addition
 - mat D = A + C
 - mat li D
- Substraction
 - mat E = A-C
 - mat li E
- division by a scalar
 - mat F= A/2
 - mat li F

KRONECKER PRODUCTS

Kronecker product

$$A = \begin{pmatrix} 0.5 \\ 2 \end{pmatrix} \qquad \text{and} \qquad B = \begin{pmatrix} 1 & 0 \\ 1 & 1 \end{pmatrix}$$

- Kronecker product
 - mat $A = (0.5 \setminus 2)$
 - mat $B = (1,0 \setminus 1,1)$
 - mat C = A # B
 - mat li C

$$\left(\begin{array}{ccc}
0.5 & 0 \\
0.5 & 0.5 \\
2 & 0 \\
2 & 2
\end{array}\right)$$





MATRIX OPERATIONS

$$A = \begin{pmatrix} 1 & 3 \\ 0 & 4 \end{pmatrix} \qquad \text{and} \qquad B = \begin{pmatrix} 1 & 0 \\ 0 & 1 \end{pmatrix}$$

ROW JOIN

- mat A = $(1,2 \setminus 3,4)$
- mat B = I(2)
- mat C = (A,B)
- mat li C

COLUMN JOIN

- mat $D = (A \setminus B)$
- mat li D



MATRIX OPERATIONS

USEFUL FUNCTIONS

- inverse: inv()
 - mat inv = inv(A)
 - mat li inv
- diagonal vector: vecdiag()
 - mat diag = vecdiag(A)
 - mat li diag
- trace: trace()
 - di trace(A)
- determinant : det()
 - di det(A)



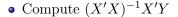
EXERCISE

• Create a matrix X that takes the values

$$\left(\begin{array}{ccc}
1 & 1 \\
1 & 4 \\
1 & 2 \\
1 & 5
\end{array}\right)$$

- Compute $B = (X'X)^{-1}$
 - determine the dimension
 - extract the elements on the diagonal
- Create a matrix Y that takes value

$$\begin{pmatrix} 3 \\ 6 \\ 4 \\ 7 \end{pmatrix}$$





RESULT

- $mat X = (1 \ 4 \ 2 \ 5)$
- mat X = J(4,1,1),X
- mat li X
- $\operatorname{mat} B = \operatorname{inv}(X^*X)$
- mat li B
- mat diag = vecdiag(B)
- mat li diag
- mat $Y = (3 \ 6 \ 4 \ 7)$
- mat li Y
- mat beta = B*X'*Y
- mat li beta



WORKING DIRECTORY

WORKING DIRECTORY

- Useful to import/export data and results
 - set the work directory: cd "D:\ENS Paris Saclay\R2023 2024"





DEFINITION

DEFINITION

- data = matrix of data
 - set of vectors with the same length
 - placed next to each other vertically
- Column = Variable
 - possible of different types: quantitative (in black), characters (in red), dates (in black), numerical but also qualitative (in black).
 - Color "blue" means qualitative variables that are codified and labeled
- Line = Observation

EXAMPLE

- upload the data "auto" integrated in STATA
 - clear all
 - sysuse auto
 - browse
- remark: index of row " n" and total rows " N "



CREATION

| index of row | one | two | three |
|--------------|-----|-----|-------|
| 1 | 1 | 11 | 21 |
| 2 | 2 | 12 | 22 |
| | | | |
| | | | |
| | | | |
| 10 | 10 | 20 | 30 |

CREATION WITH THE HANDS

- clear all
- edit
- start entering directly your data





CREATION

CREATION WITH CODES

- clear all
- set obs 10
- gen one = _n
- gen two = $_n+10$
- gen three = $_n +20$
- browse

QUICK INFOS ON THE DATA

- describe content of data: describe
- more detailed description: codebook
- stat des: summarize
 - summarize one
 - stat des (option detail): summarize one, detail

BASIC DATA MANIPULATION

USEFUL SYMBOLS

- Strict inequality : >, <
- equal or inequal : =<, >=
- equal: ==
- different equal: !=
- and : &
- or :

RENAME VAR. AND REPLACE OBS.

- rename var.: rename ratio new
- replace obs: replace one = 3 if one == 5





BASIC DATA MANIPULATION

NEW VARIABLE

- creation of ratio=one/two: gen ratio = one/two
- dummy (binary) var. (string):
 - gen dumy ch = ""
 - replace dumy ch="Low" if one <= 5
 - replace dumy ch="High" if one > 5
- dummy (binary) var. (numerical):
 - gen dumy $num = (one \le 5)$
- labialization of values
 - lab define dum 1 "Low" 0 "High"
 - label value dumy num dum





Subset of Dataframe

KEEP AND DROP: APPLY ON VARIABLES AND OBSERVATIONS

- keep lines with two<=16: keep if two <=16
- drop lines with two>=14: drop if two>=14
- delete column ratio: drop ratio
- keep columns one and three: keep one three
- you can think of a combination of conditions





EXPORTATION

EXPORTATION IN TEXT FILE

save example, replace

EXPORTATION IN EXCEL FILE

export excel using example.xlsx, firstrow(variables) replace

EXPORTATION IN CSV FILE

export delimited using example.csv, replace

EXPORTATION IN TEXT FILE

export delimited using example.txt, replace





IMPORTATION

EXPORTATION IN TEXT FILE

import example, clear

EXPORTATION IN EXCEL FILE

import excel example.xlsx, firstrow clear

EXPORTATION IN CSV FILE

import delimited example.csv, clear

EXPORTATION IN TEXT FILE

import delimited example.txt, clear



"VERTICAL MERGE" (APPEND)

Two data

- First data
 - sysuse auto, clear
 - keep if _n <=37
 - $\bullet \;$ save first 37 , replace
- Second data
 - sysuse auto, clear
 - keep if _n>37
 - save after 37, replace



"VERTICAL MERGE" (APPEND)

"VERTICAL MERGE" (APPEND)

- you are merging two data by using the names of variables:
 - use first37, clear
 - append using after 37



"HORIZONTAL MERGE" (MERGE)

Two data

- First data
 - sysuse auto, clear
 - keep if _n <=37
 - keep make price
 - rename (make price)(make_1 price_1)
 - \bullet gen identifier = n
 - save first37_merge , replace
- Second data
 - sysuse auto, clear
 - keep if n>37
 - keep make price
 - gen identifier = n
 - save after 37, replace





"HORIZONTAL MERGE" (MERGE)

"HORIZONTAL MERGE" (MERGE)

- you are merging two data by using "identifier(s)" of row:
 - use first37, clear
 - merge 1:1 identifier using after 37

EXERCISE

- Use data "auto" integrated in STATA
- describe the data
- detailed sta des for variables : price, weight, rep78, trunk, length, and foreign
- frequency table for rep78 and look for missing values
- cross tabulation of rep78 and foreign
- generate the dummy/qualitative variables:
 - domestic (counterpart of foreign)
 - small_trunk taking value 1 if trunk < 10
 - standard_trunk taking value 1 if trunk \geq 10 and trunk < 20
 - huge_trunk taking value 1 if trunk ≥ 20
 - trunk_categ taking values 1, 2, and 3 respectively for small, standard, and huge trunks



EXERCISE

- create a label and applies it on the variable trunk categ
- create lprice = log(price)
- Keep variables foreign price trunk (all) weight length
- export your data in STATA and excel formats

EXERCISE: RESULT

- sysuse auto, clear
- d
- codebook
- sum rep78 price weight foreign trunk length, det
- tab rep78
- tab rep78, mis
- tab foreign
- tab foreign, nolabel
- gen domestic = 1- foreign
- sum trunk, det
- gen trunk small = (trunk < 10)





EXERCISE: RESULT

- gen trunk standard = (trunk > = 10)*(trunk < 20)
- gen trunk huge=(trunk>=20)
- gen trunk categ= trunk small + 2*trunk standard+ 3*trunk huge
- lab def catego 1 "Small" 2 "Standard" 3 "Huge"
- lab value trunk categ catego
- keep foreign price trunk* weight length
- gen lprice = log(price)
- save autoME, replace
- export excel using autoME.xlxs , replace firstrow(variables)



EGEN

EGEN

- allows to create a variable based on STATA's specific functions that involve several variables or rows
 - sysuse auto, clear
 - egen rowmean= rowmean(price turn)
 - edit
 - sum rowmean
 - egen mean price = mean(price), by(rep78)
 - edit
 - ta mean price rep78, m
- type "help egen" to see all available functions for egen





COLLAPSE

COLLAPSE

- allow to make dataset of summary statistics
 - sysuse auto , clear
 - collapse (mean) price weight (min) trunk, by(rep78)
 - edit





PRESERVE/RESTORE

PRESERVE/RESTORE

- preserve/restore: allow to (i) have two copies of a data (= preserve stage), (ii) manipulate a copy, (iii) restore the un-manipulate copy (== restore stage)
 - sysuse auto , clear
 - preserve
 - collapse (mean) price weight (min) trunk, by (rep78)
 - save data manipulate, replace
 - restore
 - edit



SCATTER PLOT

Scatter plot

- sysuse auto, clear
- scatter plot: scatter price weight
- remove the color at the background: scatter price weight, graphregion(color(white))
- add linear fit: graph twoway (scatter price weight, msize(small))(lfit price weight), graphregion(color(white)) title("Scatterplot and OLS fitted line")

correlation: corr price trunk





USEFUL PLOTS

HISTOGRAM

- gen lprice = $\log(\text{price})$
- hist lprice, graphregion(color(white)) name(gh)

EMPIRICAL CUMULATIVE DENSITY FUNCTION

- cumul lprice, gen(cum_lprice)
- sort cum_lprice
- line cum_lprice lprice, graphregion(color(white)) title("Cumulative of median family income") name(gc)

EMPIRICAL DENSITY

kdensity lprice, graphregion(color(white)) name(gk)

BOX PLOT

graph box lprice, graphregion(color(white)) name(gb)

USEFUL PLOTS

PUT ALL PLOTS TOGHETER

graph combine gh gc gk gb , graphregion(color(white))





PLOT FUNCTIONS

PLOT FUNCTIONS

- $f(x) = x^2$: tw function $y = x^2$, range(-2 2) graphregion(color(white)) ytitle("f(x)")
- plot density of lprice + normal distribution:
 - sum lprice
 - sca m=r(mean)
 - sca sd = r(sd)
 - tw (kdensity lprice) (function y = (1/(scalar(sd)*sqrt(2*_pi)))*exp(-0.5*((x-scalar(m))/scalar(sd))^2), range(7 10)), graphregion(color(white)) ytitle(density) legend(position(11) col(1) ring(0) label(1 "Kernel empirical pdf") label(2 "Normal pdf"))



OTIMIZATION OVER DATA (E.G. ML ROUTINE)

$$\min_{a,b} \sum_{i=1}^{n} (y_i - ax_i - b)^2$$

with y and x the lprice and weight in data auto

- sysuse auto, clear
- gen lprice=log(price)
- program drop _all
- the program:

 program define ols_ml

 args lnf a b

 tempvar y x

 qui {

 generate double 'y' = \$ML_y1 generate double 'x' =

 \$ML_y2

 replace 'lnf' = -('y'- 'a'*'x'-'b')^2

 }
- ml model lf ols_ml (a: lprice weight =) (b:) , maximize
- ml di

end

• checking with reg: reg lprice weight



OTIMIZATION OVER DATA (E.G. ML ROUTINE)

$$\max_{p} \sum_{i=1}^{n} \left[y_{i} log(p) + (1 - y_{i}) log(1 - p) \right]$$

with y the dummy variable taking value 1 if rep78 \leq 2 and 0 otherwise.



- gen rep78small =(rep<math>78 < =2)
- program :
 program define bin_ml
 args lnf p
 tempvar y x
 qui {
 generate double 'y' = \$ML_y1
 replace 'lnf' = 'y'*log('p')+(1-'y')*log(1-'p')
 }
 end
- ml model lf bin_ml (p: rep78small =), maximize
- ml di
- checking with sum: sum rep78small
- rmk: ML routine maximizes functions
 - so need to adapt if the objective is to minimize functions



FORVALUE

FORVALUE

```
forval i=1/74 { qui sum weight if _n <= 'i' di "mean of lprice of the 'i' first observations is: " r(mean) } forval i=1/100 { if mod(`i`,3) == 0 { di "'i' is a multiple of 3" } }
```



FOREACH

FOREACH

```
global VAR weight length
foreach x in $VAR {
scatter lprice 'x', graphregion(color(white)) name('x')
graph combine $VAR, graphregion(color(white))
```



WHILE

WHILE

```
\begin{array}{l} sum \ lprice \\ sca \ min = r(min) \\ sca \ j = 1 \\ local \ i = 1 \\ while \ (lprice[`i']!=r(min)) \ \{ \ local \ i = `i' + 1 \\ sca \ j = `i' \\ \} \\ di \ "the min of \ lprice \ is \ at \ the \ row: \ " \ j \end{array}
```

RANDOM VALUES AND RE-ALLOCATION

USEFUL RANDOM VALUES

- normal: rnormal(mu, sigma)
 - N(0,1): gen sdnorm= rnormal(0,1)
- uniform: runiform(a,b)
 - U[0,1]: gen sdunif = runif(0,1)

RANDOM DRAW WITH REPLACEMENT

- bsample
 - very useful to conduct "manually" a bootstrapping analysis in order to compute standard deviation/confidence interval





Exercise: an illustration of CLT

- First replication
- simulates a variable X of n = 1000 random values of U(0,1)
- generate

$$Y = \begin{cases} 1 & \text{if} \quad X \le 0.4\\ 0 & \text{if} \quad X > 0.4 \end{cases}$$

- remark that Y follows a $\mathcal{B}(p)$ with p=0.4
- Compute the sequence $\{\overline{Y}_1, \overline{Y}_2, ..., \overline{Y}_{1000}\}$ with

$$\overline{Y}_i = \frac{1}{i} \sum_{j=1}^i Y_i$$

• plot all (\overline{Y}_i, i)



- clear all
- set obs 1000
- set seed 123456789
- \bullet gen X = runiform()
- gen Y = (X < =0.4)
- gen Ybar=.
- qui forvalue i=1/1000 { sum Y if n<='i' replace Ybar = r(mean) in 'i'
- \bullet gen i = n
- line Ybar i, graphregion(color(white)) yline(0.4)





EXERCISE

• provides an approximated value for F(x)

$$F(x) = \int_{-10}^{10} f(x)dx$$

with f(.) the density function of the standard normal distribution, and $\pi \simeq 3.14$

- hint: $F(x) = (10 (-10)) \times E[f(x)]$, with E[.] the expectation computed with U[-10, 10]
- this value is almost 1
- simulates a vector x of n = 100000000 random values of U(-10, 10)
- \circ compute f(.) over the simulated values of x
- **3** Compute the mean of the \overline{f} over the *n* simulated values
 - rmk (central limit theorem): \overline{f} converges in proba towards E[f(x)]
- compute the approximated values as $20 \times \overline{f}$

- clear all
- set obs 100000000
- gen x=runiform(-10,10)
- gen f= $(1/\operatorname{sqrt}(2^* \text{ pi}))^* \exp(-0.5^*x^2)$
- sum f
- di "the approximated value is:" 20*r(mean)



EXERCISE

Provide an approximation for the quantity π

• hint: leverage on (i) the area of a circle $x^2 + y^2 \le 1$, (ii) the area of a square centered at (0,0) and whose side is 2, and (ii) random draws of x and y from U[-1,1].



- clear all
- set obs 100000 simulate random values on the square whose side is 2:
 - gen x=runiform(-1,1)
 - gen y=runiform(-1,1)
- identify random values that belong to the area of a circle $x^2 + y^2 < 1$
 - gen circle = $(x^2 + v^2 <=1)$
- di "the approximated value is: " 4*r(mean)
 - note that "4" corresponds to the area of the square whose side is 2
- visualization: tw (scatter y x)(scatter y x if circle==1), graphregion(color(white)) legend(label(1 "Square") label(2 "Disque"))



NEXT: LATEX AND ITS CONNECTION WITH R AND STATA!