

PPML Monte Carlo Simulation Results with Different Fixed Effect Settings

	(1)	(2)	(3)	(4)
Mean Error				
<i>var 1</i>	-0.0003	-0.0016	-0.0010	-0.0006
<i>var 2</i>	0.0023	0.0007	0.0007	0.0000
RMSE				
<i>var 1</i>	0.0387	0.0396	0.0216	0.0216
<i>var 2</i>	0.0396	0.0397	0.0213	0.0215
num. of exporter fixed effects	500	500	1000	1000
num. of importer fixed effects	490	499	990	999
num. countries	50	50	100	100
num. years	10	10	10	10

Note: the results are based on 1,000 simulations. Column (1) and (3) show the simulation results based on models which drop one importer fixed effect each year. Column (2) and (4) show those based on models drop only one importer fixed effect. The mean error of *var 2* in Column (4) is -0.0000030. The true values of *var 1* and *var 2* are 1 and -1, respectively.