AME

Interpreting Results

Sophie Bindslev, December 2022

UNIVERSITY OF COPENHAGEN

Outline

- Week 9: Binary
- Week 10: Conditional Logit
- Week 11: Multinomial Logit

Week 9 Results: Binary Response Models

- Q6/Q7: Marginal Effects

Model	Educ	Foreign
LPM	0.0067 (0.0058)	0.2496[***] (0.0402)
Probit	0.0076 (0.0072)	0.2700[***] (0.0435)
Logit	0.0081	0.2726

- The marginal effect of an additional year of education is insignificant whilst the marginal effect of being a foreign resident is significant. Being a foreign resident raises the probability of participating in the labour force by 27 percentage points.

Week 10 Results: Conditional Logit

- Q6: Own price elasticities, All cars: -0.652
  A percentage increase in a car's own price reduces its market share by 0.652 percent

- Q6: Cross price elasticities, All cars: 0.1278
  A percentage increase in another car's price increases its market share by 0.1278 percent

- Q6: Price elasticities by car type
  - Own price elasticity for EVs: -0.7149. A percentage increase in an electric car's own price reduces its market share by 0.7149 percent.
  - Own price elasticity for non-EVs: -0.6311. A percentage increase in a non-electric car's own price reduces its market share by 0.6311 percent.
  - Conclusion: EVs are more price sensitive

Week 11 Results: Multinomial Logit

- Q6/Q7: Marginal Effects

	Alcohol	Education
Out of labor force	0.0152	-0.009374
Unemployed	0.0213	-0.006341
Employed	-0.0364	0.015715

The probability that individual "me" is employed rises by 1.5 percentage points if getting an additional year of education. On the other hand, "me"'s probability of being employed falls by 3.6 percentage points if they abuse alcohol.

- Q5: Odds ratio The individual "me" is 5.742 times more likely to be employed if they do not abuse alcohol and 0.593 times as likely (i.e. almost half as likely) to be unemployed in this case. Both of these are relative to the baseline outcome, in this case being out of the labour force.