xtdpdsys postestimation — Postestimation tools for xtdpdsys

Postestimation commands

The following postestimation commands are of special interest after xtdpdsys:

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The following standard postestimation commands are also available:

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predict

Description for predict

predict creates a new variable containing predictions such as linear predictions.

Menu for predict

Statistics > Postestimation

Syntax for predict

```
predict [type] newvar [if] [in] [, xb e stdp difference]
```

Options for predict

- **xb**, the default, calculates the linear prediction.
- **e** calculates the residual error.
- **stdp** calculates the standard error of the prediction, which can be thought of as the standard error of the predicted expected value or mean for the observation’s covariate pattern. The standard error of the prediction is also referred to as the standard error of the fitted value. **stdp** may not be combined with **difference**.
- **difference** specifies that the statistic be calculated for the first differences instead of the levels, the default.
margins

Description for margins

margins estimates margins of responses for linear predictions.

Menu for margins

Statistics  >  Postestimation

Syntax for margins

margins  [marginlist]  [,  options]
margins  [marginlist],  predict(statistic  ...)  [options]

Description

xb linear prediction; the default
not allowed with margins
stdp not allowed with margins

Statistics not allowed with margins are functions of stochastic quantities other than e(b).
For the full syntax, see [R] margins.

estat

Description for estat

estat abond reports the Arellano–Bond test for serial correlation in the first-differenced residuals.
estat sargan reports the Sargan test of the overidentifying restrictions.

Menu for estat

Statistics  >  Postestimation

Syntax for estat

Test for autocorrelation

estat abond  [,  artests(#) ]

Sargan test of overidentifying restrictions

estat sargan
Option for estat abond

`artests(#)` specifies the highest order of serial correlation to be tested. By default, the tests computed during estimation are reported. The model will be refit when `artests(#)` specifies a higher order than that computed during the original estimation. The model can only be refit if the data have not changed.

Remarks and examples

Remarks are presented under the following headings:

estat abond
estat sargan

estat abond

The moment conditions used by `xtdpsys` are valid only if there is no serial correlation in the idiosyncratic errors. Testing for serial correlation in dynamic panel-data models is tricky because one needs to apply a transform to remove the panel-level effects, but the transformed errors have a more complicated error structure than the idiosyncratic errors. The Arellano–Bond test for serial correlation reported by `estat abond` tests for serial correlation in the first-differenced errors.

Because the first difference of independent and identically distributed idiosyncratic errors will be serially correlated, rejecting the null hypothesis of no serial correlation in the first-differenced errors at order one does not imply that the model is misspecified. Rejecting the null hypothesis at higher orders implies that the moment conditions are not valid. See example 5 in [XT] `xtdpd` for an alternative estimator that allows for idiosyncratic errors that follow a first-order moving average process.

After the one-step system estimator, the test can be computed only when `vce(robust)` has been specified.

estat sargan

Like all GMM estimators, the estimator in `xtdpsys` can produce consistent estimates only if the moment conditions used are valid. Although there is no method to test if the moment conditions from an exactly identified model are valid, one can test whether the overidentifying moment conditions are valid. `estat sargan` implements the Sargan test of overidentifying conditions discussed in Arellano and Bond (1991).

Only for a homoskedastic error term does the Sargan test have an asymptotic $\chi^2$ distribution. In fact, Arellano and Bond (1991) show that the one-step Sargan test overrejects in the presence of heteroskedasticity. Because its asymptotic distribution is not known under the assumptions of the `vce(robust)` model, `xtdpsys` does not compute it when `vce(robust)` is specified. See [XT] `xtdpd` for an example in which the null hypothesis of the Sargan test is not rejected.

```
. use https://www.stata-press.com/data/r17/abdata
. xtdpsys n L(0/2).(w k) yr1980-yr1984 year
(output omitted)
. estat sargan
Sargan test of overidentifying restrictions
H0: Overidentifying restrictions are valid
    chi2(33) = 63.63911
    Prob > chi2 = 0.0011
```
The output above presents strong evidence against the null hypothesis that the overidentifying restrictions are valid. Rejecting this null hypothesis implies that we need to reconsider our model or our instruments, unless we attribute the rejection to heteroskedasticity in the data-generating process. Although performing the Sargan test after the two-step estimator is an alternative, Arellano and Bond (1991) found a tendency for this test to underreject in the presence of heteroskedasticity.

Methods and formulas

The formulas are given in Methods and formulas of [XT] xtdpd postestimation.

Reference


Also see

[XT] xtdpdsys — Arellano–Bover/Blundell–Bond linear dynamic panel-data estimation
[U] 20 Estimation and postestimation commands