

## How to use panel data in Microfit?

- Use MS Excel
- Format of the data:
  - First column: observation number
  - Second column: id number (Assign one number to each country)
  - Third column: year or other time units
  
  - First row: variable name
  - Second row: variable description or blank

In addition you need to create dummy variables for each year/time unit and each country:

For example, include a dummy variable *year1995* which has a value of 1 for all observations in 1995, but a value of 0 for all other observations. Do this for all years.

In the same fashion, create dummy variables for all countries, e.g. *iddummy1* which has a value of 1 for all observations of the country with id number 1 and a value of zero for all other observations.

Then as usual save as .csv-file and import the dataset into Microfit.

Finally, when you run regressions, you have to include all apart from one country dummy variables and all apart from one time dummy variables in order to receive proper panel estimation results.

Thus, your regression command should look like this:

```
RETURN INTERCEPT GDPGROWTH YEARDUM1 YEARDUM2  
YEARDUM3 YEARDUM4 YEARDUM5 YEARDUM6 YEARDUM7  
YEARDUM8 YEARDUM9 YEARDUM10 YEARDUM11 YEARDUM12  
YEARDUM13 IDDUM1 IDDUM2 IDDUM3 IDDUM4
```