

INDEX

- A/B test, 557, 559
absolute frequency, 60
accuracy, 467
adjusted R-squared, 379
administrative data, 13
aggregate trends, 661, 671
AIC, 379
algorithm, 387, 402, 407, 432, 686
 greedy, 432
alternative hypothesis, 148
annotation, 70
API, 13
approximate normality, 126
AR models, 500
AR(1), 500
area under the ROC curve, 469
arm of experiment, 560
ARMA (ARIMA) models, 503, 504
Ashenfelter's dip, 694
assignment rule, 561, 566
assignment to treatment, 523
asymptotic normality, 126
attenuation bias, 225
attrition, 578
auto-arima algorithm, 502
autocorrelation, 500
autoregressive models, 500
average intent-to-treat effect, 568, 570, 613
average marginal effects, 310
average partial effects, 310
average treatment effect, 525, 568, 570, 602, 605
average treatment effect on the treated, 527, 602,
 605

bad conditioning variables, 287, 544, 545, 572, 634
bag of words, 416
balanced panel data, 5, 677
base rate, 117
Bayesian statistics, 120, 130
benchmarking, 19, 45
Beta of an asset, 343
Bernoulli, 90, 94
between-subject comparison, 534
bias of prediction, 314, 376
BIC, 380
Big Data, 22, 393, 412, 494, 565, 626, 645
binary causal variable, 522
binary (dummy) variables, 279, 283, 521, 660
binomial, 84, 90
bin scatter, 104, 174
binomial distribution, 91
black box models, 453
boosting, 440, 449
bootstrap, 130, 273, 276, 440
bootstrap estimate of the standard error, 131

bootstrap sample, 130
box plot, 77, 104, 108
Brier score, 313, 317, 463

calibration, 315, 463
calibration curve, 315
CART, 419, 439, 475
categorical variable, 31
causal interpretation, 668
causal map, 531, 536
causal mechanism, 287
causal variable, 97, 520, 521
causality, 190
censoring of data, 322
Central Limit Theorem, 140
ceteris paribus, 287, 530
CI of the predicted value, 243
CI of the regression line, 243
classical measurement error, 223
classification, 300, 368, 459
 actual values, 467
 class imbalance, 480
 class rebalancing, 481
 classes, 459
 loss function, 471
 mean squared error, 463
 negatives, 467
 positives, 467
 root mean squared error, 463
 SMOTE class rebalancing , 481
 threshold, 466
 true classifications, 467
classification random forest, 476
 optimal classification threshold, 472
classification tree, 475
click through rate, 571
clustered standard errors, 665
coarsened exact matching, 603
collider variable, 544
common cause confounder, 541, 544, 547
common consequence bad conditioner, 544
common consequence variable, 634
common effect bad conditioner, 544
common support, 603, 608
comparative case study, 682
comparison group, 560
compliance (perfect/imperfect), 567, 570
conditional comparison, 100
conditional difference, 272
conditional distribution, 103
conditional event, 101
conditional expectation, 104, 172
conditional mean, 104, 172
conditional probability, 101, 458
conditioning, 100, 572, 633

- conditioning event, 101
- conditioning variables, 100, 276
- confidence Interval (CI), 128
 - of the predicted value, 243
 - of the regression coefficient, 238
 - of the regression line, 243
 - of the regression coefficient, 238, 541, 634
- confounder variables, 272, 276, 541, 566, 572, 592, 636, 660
- confusion table (matrix), 467
- constant, 254
- constructive skepticism, 551
- continuous variable, 31
- control group, 560, 682
- controlled experiment, 539, 550
- controlled variation, 113
- controlling variable, 276
- conversion rate, 571
- correlation coefficient, 108, 398
- counterfactual, 534, 683, 688
- counterfactual outcome, 522
- covariance, 108
- covariates, 272, 564, 572
- covariate balance, 564
- complexity parameter (cp), 421, 426
- cross-section time series data, 5, 34
- cross-sectional data, 5, 33, 534
- cross-validation (CV), 382, 398, 403, 426, 489
- csv file, 4
- cumulative association, 356
- cumulative coefficient, 657
- cumulative distribution function, 90
- cumulative effect, 653, 668
- data cleaning, 46, 397
- data cleaning process, 48
- data table, 4, 35
- dataset, 4, 35
- dataviz
 - heatmap, 496
 - data wrangling, 48
- degrees of freedom, 265, 273
- density plot, 62
- dependence of variables, 108
- descriptive analysis, 59
- df, 265
- difference in differences (diff-in-diffs), 622–624, 629, 633, 650, 688
- estimator, 623
- regression, 623, 641
- analysis, 622
 - with pooled cross-sections, 640
- direct effect, 538
- directed acyclic graph, 533
- disambiguation, 43
- discrete variable, 31
- discrimination, 317
- distribution, 61, 123
- documentation table, 80
- domain knowledge, 385, 400, 494, 536, 655
- donor pool, 683
- downsampling, 481
- duplicate observations, 42
- dummy variable, 32, 279
- duration variables, 322
- effect of the intervention, 523, 526
- elasticity, 206
- endogeneity, 605, 633
- endogenous sources of variation, 536, 593, 595, 621
- engineering, 460
- ensemble methods, 439, 441
- entity resolution, 42
- error term, 596
- error term of the regression, 173
- estimate, 123
- estimate of regression coefficient, 181
- estimated value of a statistic, 121
- estimation error, 370, 376, 413
- event study method, 688, 694
- event study regressions, 688, 689, 695
- event time, 688
- exact matching, 601
- exogeneity of the instrument, 612
- exogenous in the regression, 595
- exogenous source bad conditioner, 544
- exogenous sources of variation, 536, 593
- experiment, 144, 287
- experimental data, 113, 191, 539
- experimental design, 561
- explanatory variable, 173
- exploratory data analysis (EDA), 59, 398
- exponential trend, 332
- external validity, 120, 135, 145, 237, 241, 384, 403, 410, 509, 550, 581
- extraneous effects, 576
- extrapolation, 185
- extreme values, 62, 65, 221, 331, 432, 461
- F-test, 275
- factor variable, 31
- false negative, 151, 154, 158, 250, 469, 473, 478, 483, 562, 589
- false positive, 151, 152, 154, 158, 163, 469, 474, 478, 483, 564, 589
- first difference (FD) regressions, 666, 671, 675, 689
- fixed effects (FE) regressions, 659, 665, 671
- feature engineering, 393, 397, 402, 461
- features, 397
- field experiment, 557, 559
- first difference of time series variable, 338
- first differences, 688
- first stage of IV, 611
- first-order serial correlation, 349
- fit of regression, 188
- fixed effects, 660, 688
- flag variable, 46
- flow variable, 33, 331

- fold, 382
forecast horizon, 488
forecasting, 368, 488
formula, 387
frequency of the time series, 34, 330, 490
functional form, 174, 398

gaps in time series data, 330
general pattern, 120, 122, 145, 290, 378, 431, 549–550
genuine error, 370
geometric object, 69
Gini impurity, 476
goodness of fit, 188, 312
gradient boosting, 440
gradient boosting machine (GBM), 450

heterogeneous treatment effects, 524
heteroskedasticity, 239, 273, 666
histograms, 61, 103
holdout, 489
holdout set, 403
homoskedasticity, 239, 273
hypothesis testing, 144, 275, 562

identical and independently distributed (i.i.d.) variable, 140
identifier (ID) variable, 5
idiosyncratic error, 370
independence of variables, 108
independent events, 101
indicator variable, 32
indirect effects, 538
individual treatment effect, 523, 531
inference, 119, 144
influential observations, 221
instrument, 611
instrumental variables (IV), 610
inter-quartile range, 73
interaction term in regression, 282
intercept of linear regression, 179, 338
internal validity, 522, 542, 549, 577
interpolation, 185
interval prediction, 368
interval variable, 32
intervention, 520, 568, 682, 683
inverse probabilities, 101
irreducible error, 370, 376
ISO 8601 standard for dates, 57

joining data tables, 39
joint distribution, 104
joint probability, 101

k-fold cross-validation, 382
kernel density estimate, 62

lab experiments, 557
label engineering, 393, 394
lagged association, 356

lagged dependent variable, 351
lagged value (lag), 349, 522, 542
LASSO, 407, 413, 418
penalty term, 407
tuning parameter, 408
latent variable, 110, 223, 543
Law of Large Numbers, 140
lead terms (leads), 653, 654, 657
left-hand-side variable, 173
level, 202
level of power, 562
level of significance, 154, 562
linear probability model (LPM), 298
linear trend, 332
link function, 307
linking data tables, 39
live data, 366, 377, 378, 489, 509
In scale, 212
local average treatment effect, 568
logarithm (log), 85, 201, 202
log approximation, 203, 339
log change, 339
log correction, 395, 396
log point, 203
logit, 307, 462, 604
lognormal distribution, 85
long format for xt data, 37
long-horizon (many periods ahead) forecasts, 492
long-run association, 356
long-run effects, 653, 668
longitudinal data, 5, 34, 534
loss function, 374
asymmetric, 374
convex, 374
linear, 374
log-loss, 313
squared, 374
symmetric, 374
lowess, 175, 396

machine learning, 387
marginal differences, 310
marginal effects, 310
matching model, 601
matching data tables, 39
matching on the propensity score, 604, 608
maximum likelihood estimation, 326
mean, 72
mean reversion, 190, 691
mean squared error (MSE), 375, 465, 486
mean-dependence, 108
measurement error in variables, 222
mechanism, 521
mechanism bad conditioner, 544
mechanism of reverse causality, 541
mechanism variable, 634
mechanism variables, 521, 532
median, 72
mediator variables, 521, 532

- merging data tables, 39
- minimum number of subjects, 563, 571
- misclassification, 467
- missing at random, 45, 578, 677
- missing outcome values, 578
- missing values, 44, 330, 397, 678
- mode, 62, 72
- model complexity, 379
- model error, 370, 376
- model-agnostic tool, 445
- moderator variable, 282
- moments, 91
- multi-arm experiment, 560
- multicollinearity, 274
- multinomial variables, 321
- natural experiment, 540
- natural logarithm, 85, 106, 202
- nearest neighbor matching on the propensity score, 604
- negative spillovers, 577
- negatively correlated, 108
- Newey–West standard error, 351, 355, 652, 655
- noise-to-signal ratio, 224
- nominal variables, 32, 321
- non-binary causal variables, 522
- non-compliance, 568
- non-parametric regression, 174, 426
- non-treatment group, 560
- nonlinear patterns, 179, 201
- nonlinear relationships, 398
- nonresponse, 578
- normal distribution, 84
- np-hard, 402, 432
- null hypothesis, 148, 249
- observable outcome, 522
- observational data, 113, 191, 287, 539, 540, 595
- observations, 4
- omitted variable bias, 269, 543, 595, 660
- omitted variables, 276
- one-sided alternative, 148, 158
- optimal classification threshold, 475
- ordered categorical variables, 322
- ordinal variables, 32, 321, 322
- ordinary least squares (OLS), 181, 182, 185, 194, 197, 234, 263, 326, 379, 389, 407, 408, 435, 614, 619
- original data, 366, 370, 377
- outcome variable, 97, 100, 366, 520, 521
- outlier, 65
- overfitting, 290, 378, 403, 421, 440
- p-hacking, 163
- p-value, 154, 250, 277, 564
- panel data, 5, 34, 534, 640, 665, 688
- panel regression in first differences, 666
- parallel trends, 641
- parallel trends assumption, 629, 633, 652, 682, 684, 694
- parameters, 84, 91
- Pareto distribution, 92
- partial dependence plot (PDP), 445
- path diagram, 533
- pathway, 521
- penalty for model complexity, 379
- per capita measures, 210
- percentage change in variables, 338
- percentage difference, 202
- percentiles, 72
- perfect collinearity, 274
- Phillips–Perron test, 362
- piecewise linear spline, 215, 277
- placebo effect, 579
- point prediction, 368
- polynomial, 216, 277
- pooled cross-sectional data, 640
- pooled time series, 655, 659, 671
- population, 18, 119, 122, 145, 378, 431, 549
- positive spillovers, 576
- positively correlated, 108
- post-prediction diagnostics, 410
- potential outcomes, 522, 535, 540, 560, 621
- potential outcomes framework, 522, 531
- potential treated/untreated outcome, 522
- power calculation, 563
- power-law distribution, 92
- pre-intervention, 631
- pre-intervention dip, 694
- pre-intervention outcome, 622
- pre-intervention trends, 630, 654, 668
- precision of regression coefficient estimate, 238
- predicted probability, 299
- predicted value of linear regression, 184
- prediction, 290
- prediction error, 369, 373, 413
- prediction interval (PI), 243, 244, 368, 399, 403, 410
- prediction intervals, 397
- predictive analytics, 366, 387
- predictive data analysis, 366
- predictive model, 366
- predictor variables, 366
- principal component analysis, 110
- probability, 60, 458
- probability distribution function, 90
- probability prediction, 368, 458
- probit, 307, 462
- proof beyond reasonable doubt, 250
- proof of concept, 250
- propensity score, 604
- propensity score matching, 604
- Prophet, 497
- proxy variable, 110, 223
- pseudo R-squared, 313
- pseudo-intervention, 694
- publication bias, 164
- quadratic function, 216
- qualitative variables, 31, 279, 398

- quantiles, 72
- quantitative causal variables, 527
- quantitative prediction, 368
- quantitative variable, 31, 521
- R-squared, 188, 276, 290, 312, 375, 377, 660
- random assignment, 535, 539, 556, 560, 564, 630
- random forest, 439, 440, 445, 475
 - bagging, 440
 - bootstrap aggregation, 440
 - decorrelated trees, 441
 - probability random forest, 476
 - pruning, 440
 - variable importance, 444
- random numbers generated by computers, 561
- random sampling, 19, 561
- random walk, 333, 345, 491
- random walk with drift, 334
- range, 73
- ratio variable, 32
- reduced form of IV, 611
- reference category, 279
- refinement, 317
- regression, 172, 402
 - analysis, 172, 203
 - dependent variable, 173
 - estimator of regression coefficient, 181
 - left-hand-side variable, 173
 - linear, 237, 445
 - level–log, 206
 - log-level, 206
 - log-log, 206
 - multiple, 172, 267, 291
 - parametric, 174
 - residual, 184
 - right-hand-side variable, 173
 - reverse, 189
 - simple, 172, 267
 - slope of linear regression, 179
 - smoothing non-parametric, 174
 - spurious, 344
 - tables, 253
 - time series, 651, 653
 - weights, 228, 625
 - x–x, 269
- regression toward the mean, 190
- regression tree, 419, 430, 439
 - cost complexity pruning, 426
 - pruning, 426
 - automatic pattern detection, 432
 - bins, 419
 - branch, 419
 - bucket, 420
 - building, 419
 - complexity parameter, 421
 - cutoff point, 419
 - growing, 419
 - level, 420
 - node, 419
- relative error, 420
- splitting, 419
- step function, 420
- stopping rule, 420, 421
- terminal node, 420
- top node, 419
- variable importance, 431
- regression-discontinuity design (RDD), 613
- relational data, 39
- relative change in variables, 338
- relative differences, 202
- relative frequency, 60, 102
- repeated samples, 122
- representative sample, 18
- residual, 351
- results table, 80
- reverse causality, 539, 654
- reverse causality mechanism, 542
- root mean squared error (RMSE), 375, 403, 420, 490
- robust SE formula, 239
- robust standard error (SE), 241, 254, 273, 351
- robustness checks, 49, 219
- ROC curve, 468
- root-n convergence, 126
- running variable, 613
- sample, 18
- sample design, 393, 460
- sample size calculation, 563
- sampling, 18
- sampling distribution, 126
- saturated models, 325
- scaffolding, 69
- scale variables, 32
- scale-free distribution, 92
- scatterplot, 104, 291
- search algorithm, 327, 408, 419
- season dummies, 344
- seasonal binary variables, 492
- seasonality, 332, 333, 344, 393, 491, 652
- selection, 541, 642
- selection bias, 45
- self-selection, 541
- sensitivity, 467
- serial correlation, 349, 351, 500, 652, 666
- short-horizon forecasts, 488, 500
- shrinkage, 407
- sign the omitted variable bias, 596
- simple SE formula for slope coefficient of linear regression, 238
- simulation exercise, 124
- skewed distributions, 62, 73
- skewness, 73, 107
- slope coefficient, 179, 343
- sources of variation, 113, 536
- specificity, 467
- spillovers, 576
- splines, 277
- spurious correlation, 344

- stability, 385
- stacked bar chart, 102, 103
- standard deviation (SD), 73, 565
- standard error (SE), 123, 276
- standard error formula, 134
- standard error of the predicted value, 243
- standard normal distribution, 84
- standard prediction error, 244
- standardized difference, 73
- standardized value of a variable, 73
- stationarity, 345, 349, 385
- stationary time series variable, 333
- statistic, 72, 120, 123
- statistical dependence, 108
- statistical inference, 119, 135, 148, 237, 241
- statistically significant, 250
- step function, 174
- stock variables, 33, 330
- string variable, 31
- subjective probability, 61
- subjects, 520
- summary statistics, 72
- survey experiment, 557
- survival time variables, 322
- synthetic control, 683, 684, 695
- t-statistic, 149, 249
- t-test, 149, 283
- target observations, 366
- target variable, 366
- terminal node, 426
- test sets, 489
- test statistic, 149
- testing, 149
 - a model, 381
 - against a one-sided alternative, 251
 - ambiguous identification, 43
 - hypothesis tests, 564
 - joint hypotheses, 251, 252, 275
 - more than one coefficient, 251
 - multiple hypotheses, 160
 - power of test, 154
 - size of test, 154
 - two-stage least squares, 612
 - Type-I error, 151
 - Type-II error, 151
- text parsing, 416
- thought experiment, 589, 590
- tidy data, 35
- tidy data tables, 35, 691
- time fixed effects (dummies), 661, 671
- time index, 338
- time series data, 5, 34, 330, 488
- time series frequency, 34
- total effect of the intervention, 526
- training a model, 380
- training–test method, 381
- treated group, 560
- treated subjects (units), 521
- treatment, 540
- treatment effect, 523
- treatment group, 560
- treatment variable, 521
- trend, 332, 491, 333, 343, 652
- trend line, 493
- true value of a statistic, 120, 333, 344, 652
- tuning parameter, 442
- TwoSLS (2SLS), 612
- two-sided alternative, 148
- type of graph, 69
- Type-I error, 151
- Type-II error, 151
- unbalanced panel, 5
- unbalanced panel data, 677
- unbiased probability prediction, 314
- unbiasedness, 126
- uncorrelated, 108
- underfitting, 378
- uniform distribution, 92
- unit root, 334
- unit root test, 362
- unobserved heterogeneity, 616
- untreated group, 560
- untreated subjects (units), 521
- unwanted mechanism confounder, 542, 642
- usage of a graph, 68
- value labeling, 48
- variable labels, 48
- variable selection, 597
- variables, 4, 427
- variance, 73
- variance of prediction, 376
- vector autoregression, 505
- violin plots, 78, 104, 108
- web scraping, 13
- wide format for xt data, 37
- winsorization, 461
- wisdom of crowds, 439
- within R-squared, 660
- within-subject comparison, 534, 651, 660
- work set, 403
- workfile, 35, 460
- xsec data, 5, 33
- xt data, 5, 34
- xt panel data, 660, 661
- xt panel regression, 688
- y–y plot, 291, 312, 410
- year-over-year differences, 344
- Youden index, 472, 475, 485
- z-score, 73, 110
- Zipf's law, 92