

Replication for “Sales and Markup Dispersion: Theory and Empirics”

Monika Mrázová

J. Peter Neary

Mathieu Parenti

1 Software

The analysis requires installation of R and RStudio. It was performed using

1. R version 3.6.2 (2019-12-12)
2. RStudio Version 1.2.5033

2 Data

The proprietary data set consists of 2,457 firm-product estimated markups in Indian manufacturing for the year 2001. It is a subsample of markup estimates from De Loecker et al. (2016) who kindly shared this with us. These markups were estimated using the Prowess data collected by the Centre for Monitoring the Indian Economy (CMIE). For a brief description of their markup estimation procedure see Section 6.1 and Appendix A.6. For details see De Loecker et al. (2016).

The raw Prowess data can be obtained from the CMIE website www.cmie.com. Information on the code that generates the data we use from the raw data can be found in the supplementary materials to De Loecker et al. (2016). Researchers interested in using our dataset should directly contact the authors of De Loecker et al. (2016).

For our analysis, the markup data needs to be in an Excel file entitled `mydatax.xlsx` placed in the same folder as the `MNP-Estimation.Rproj` file. The markup data needs to be formatted in a single column with the heading “Markup”.

	1	2
1	Firm	Markup
2	1	m1
3	2	m2
4	3	m3
5	4	m4
6	5	m5
7
8		

3 Estimation instructions

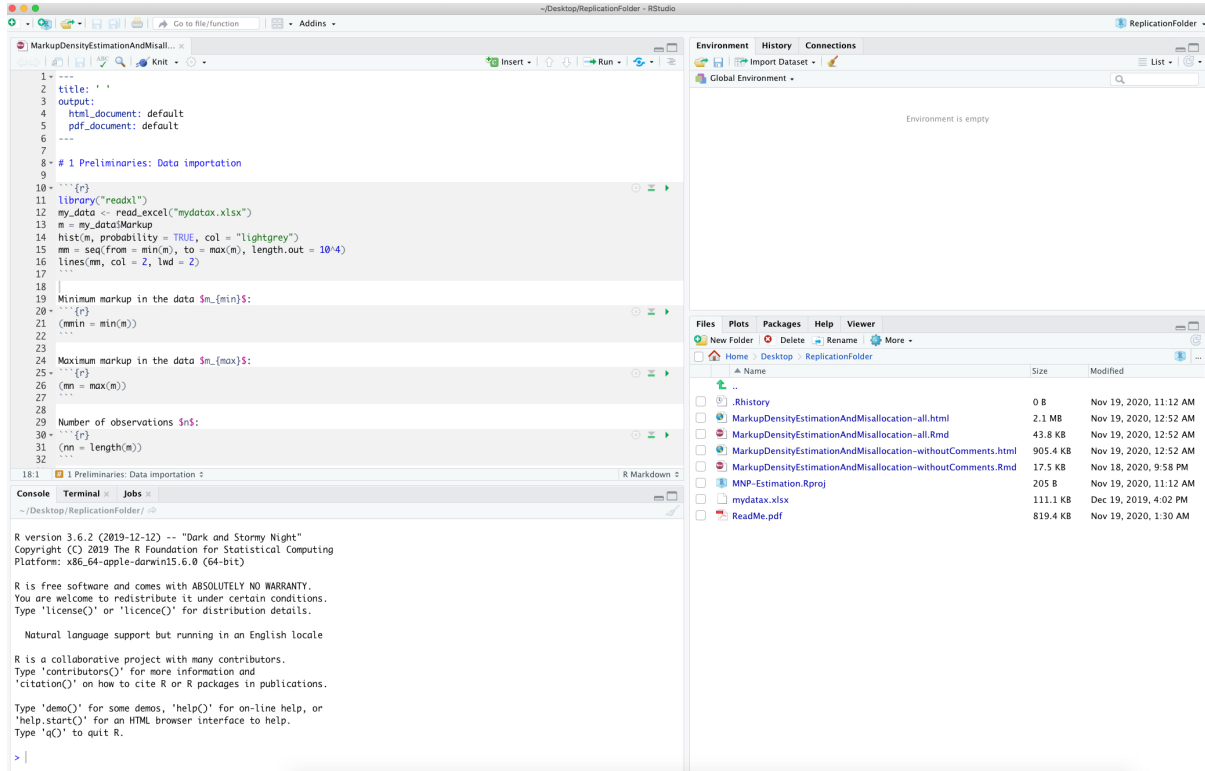
In addition to this `ReadMe.pdf` file, the replication folder contains:

1. the R project file: `MNP-Estimation.Rproj`
2. two R markdown files:
 - (a) `MarkupDensityEstimationAndMisallocation-all.Rmd` (code with detailed comments and explanations)
 - (b) `MarkupDensityEstimationAndMisallocation-withoutComments.Rmd` (code only with minimal comments)

3. two HTML files containing estimation results and figures that are generated by knitting to HTML of the respective R markdown files:

- (a) MarkupDensityEstimationAndMisallocation-all.html (all the estimation with detailed comments and explanations)
- (b) MarkupDensityEstimationAndMisallocation-withoutComments.html (estimations only with minimal comments)

To replicate our estimations, place the data file `mydatax.xlsx` formatted as described above in the same folder as `MNP-Estimation.Rproj` and the `.Rmd` files. Open the `MNP-Estimation.Rproj` in RStudio.



Knit to HTML one of the `.Rmd` files to obtain all the estimation results in Section 6 (in particular estimates in Table 2 and Figure 4).

The code was run and tested on Quad-Core macOS (10.14 and 10.15) based machines. The execution of the entire project takes under 8 seconds.

References

DE LOECKER, J., P. K. GOLDBERG, A. K. KHANDELWAL, AND N. PAVCNIK (2016): "Prices, Markups and Trade Reform," *Econometrica*, 84, 445–510.