Package ‘breaktest’

September 2, 2022

Version 0.0.2

Date 2022-04-28

Title My First Collection of Functions

Author Anton Skrobotov [aut, ctb],
Alexey Tsarev [aut, ctb],
Vadim Zyamalov [aut, cre, ctb]

Maintainer Vadim Zyamalov <zyamalov@ranepa.ru>

Depends R (>= 3.5.0)

Encoding UTF-8

Imports doSNOW, foreach, stringr

Description This package contains a set of different unit root and cointegration tests in the presence of structural breaks in the data.

License GPL (>= 2)

URL https://github.com/d9d6ka/breaktest

BugReports https://github.com/d9d6ka/breaktest/issues

Roxygen list(markdown = TRUE)

RoxygenNote 7.2.1

NeedsCompilation no

R topics documented:

`ACF` *Calculating ACF values*

Description

A simple auxiliary function providing the estimates of autocorrelations of orders from 0 to $N-1$.

Usage

```
ACF(y)
```

Arguments

`y`	An input time series of interest.

Details

The function is not intended to be used directly so it's not exported.

Value

The vector of ACF values of orders from 0 to $N-1$. Due to the R's way of indexing the 1-st element is the autocorrelation of order 0, and the N-th value is the autcorrelation of order $N-1$.

`ADF.test` *A simple implementation of ADF test*

Description

A function for ADF test with the ability to select the number of lags. Lags are selected by informational criterions which can be modified as in Ng and Perron (2001) and Cavaliere et al. (2015).

Usage

```
ADF.test(
  y,
  const = TRUE,
  trend = FALSE,
  max.lag = 0,
  criterion = NULL,
  modified.criterion = FALSE,
  rescale.criterion = FALSE
)
```

Arguments

`y` The input time series of interest.

`const, trend` Whether a constand and trend are to be included.

`max.lag` Maximum lag number

`criterion` A criterion used to select number of lags. If lag selection is not needed keep this NULL.

`modified.criterion` Whether the unit-root test modificaton is needed.

`rescale.criterion` Whether the rescaling informational criterion is needed. Designed to cope with heteroscedasticity in residuals.

Details

Due to the Frisch-Waugh-Lovell theorem we first detrend `y` and then apply the test to the detrended series.

Value

List containing:

- y,
- const,
- trend,
- residuals,
- coefficient estimates,
- t-statistic value,
- critical value,
- Number of lags,
- indicator of stationarity.

References

Cavaliere, Giuseppe, Peter C. B. Phillips, Stephan Smeekes, and A. M. Robert Taylor. "Lag Length Selection for Unit Root Tests in the Presence of Nonstationary Volatility." Econometric Reviews 34, no. 4 (April 21, 2015): 512–36. https://doi.org/10.1080/07474938.2013.808065.

Ng, Serena, and Pierre Perron. "Lag Length Selection and the Construction of Unit Root Tests with Good Size and Power." Econometrica 69, no. 6 (2001): 1519–54. https://doi.org/10.1111/1468-0262.00256.

ADF.test.S *Detrending bootstrap test by Smeekes (2013)*

Description

This bootstrap test is based on the recursive detrending procedure of Taylor (2002). The main idea is to apply the standard ADF test to the series with nuissanse parameters eliminated.

Usage

```
ADF.test.S(
  y,
  const = TRUE,
  trend = FALSE,
  c = 0,
  gamma = 0,
  trim = 0.15,
  max.lag = 0,
  criterion = NULL,
  modified.criterion = FALSE,
  iter = 999
)
```

Arguments

`y`	A series of interest.
`const, trend`	Whether the constant and trend are to be included.
`c`	A filtration parameter used to construct an autocorrelation coefficient.
`gamma`	Detrending type selection parameter. If 0 the OLS detrending is applied, if 1 the GLS detrending is applied, otherwise the autocorrelation coefficient is calculated as $1 + c^\gamma T^{-\gamma}$.
`trim`	A trimming parameter.
`max.lag`	The maximum lag for inner ADF testing.
`criterion`	A criterion used to select number of lags. If lag selection is not needed keep this NULL.
`modified.criterion`	Whether the unit-root test modificaton is needed.
`iter`	The number of bootstrap iterations.

Details

Critical values are calculated via a bootstrapping using MacKinnon-like regressions. For each number of observations and each number of variables obtained were 1999 values of test statistics. After that 1st, 2.5-th, 5-th, 10-th, and 97.5-th percentiles were calculated and saved along with the corresponding number of observations. This step was repeated 5 times to cope with possible biases. After that MacKunnon-like regressions were estimated.

References

Taylor, A. M. Robert. "Regression-Based Unit Root Tests With Recursive Mean Adjustment for Seasonal and Nonseasonal Time Series." Journal of Business & Economic Statistics 20, no. 2 (April 2002): 269–81. https://doi.org/10.1198/073500102317352001.

MacKinnon, James G. "Critical Values for Cointegration Tests." Working Paper. Economics Department, Queen's University, January 2010. https://ideas.repec.org/p/qed/wpaper/1227.html.

Smeekes, Stephan. "Detrending Bootstrap Unit Root Tests." Econometric Reviews 32, no. 8 (July 2013): 869–91. https://doi.org/10.1080/07474938.2012.690693.

`AR` *Custom AR with extra information*

Description

Custom AR with extra information

Usage

```
AR(y, x, max.lag, criterion = "aic")
```

Arguments

`y`	Dependent variable.
`x`	Exogenous explanatory variables.
`max.lag`	The maximum number of lags.
`criterion`	A criterion for lag number estimation.

Details

The function is not intended to be used directly so it's not exported.

Value

A list of:

- `beta`: estimates of coefficients,
- `residuals`: estimated residuals,
- `predict`: forecasted values,
- `t.beta`: t-statistics for `beta`,
- `lag`: estimated number of lags.

`break.date.cset` *Confidence sets for the break date in dointegrating regressions*

Description

Confidence sets for the break date in dointegrating regressions

Usage

```
break.date.cset(
  y,
  trend = FALSE,
  zb = NULL,
  zf = NULL,
  z.lead = NULL,
  z.lag = NULL,
  conf.level = 0.9,
  trim = 0.05,
  criterion = "bic"
)
```

Arguments

`y`	A LHS variable of interest.
`trend`	Whether the trend is to be included.
`zb`	I(1) regressors with break.
`zf`	I(1) regressors without break.
`z.lead, z.lag`	Number of leads and lags of `z` regressors. If any is NULL then both are estimated using informational `criterion`.
`conf.level`	Confidence level to obtain appropriate critical values.
`trim`	The trimming parameter to find the lower and upper bounds of possible break date.
`criterion`	A criterion for lead and lag number estimation.

Value

A list of confidence sets.

References

Kurozumi, Eiji, and Anton Skrobotov. “Confidence Sets for the Break Date in Cointegrating Regressions.” Oxford Bulletin of Economics and Statistics 80, no. 3 (2018): 514–35. https://doi.org/10.1111/obes.12223.

`coint.test.GH` *Gregory-Hansen test for the absense of cointegration*

Description

Gregory and Hansen (1996) test for the null hypothesis of no cointegration under a possible structural break at the unknown moment of time.

The authors proposed ADF- and Z-type tests, slightly modified to allow the presence of a possible regime shift. Three type of shifts are allowed:

- a shift in the constant,
- a shift in the constand with the trend included,
- and a shift in the constant and the cointegrating vector.

Critical values are calculated via the adopted MacKinnon procedure of estimating the model for the response surface.

Usage

```
coint.test.GH(
  ...,
  shift = "level",
  trim = 0.15,
  max.lag = 10,
  criterion = "aic",
  add.criticals = TRUE
)
```

Arguments

`...` Variables of interest.

`shift` Expected break type.

`trim` The trimming parameter to calculate break moment bounds.

`max.lag` The maximum number of lags for the internal ADF testing.

`criterion` The criterion for lag selection.

`add.criticals` Whether critical values are to be returned. This argument is needed to suppress the calculation of critical values during the precalculation of tables needed for the p-values estimating.

Value

An object of type `cointGH`. It's a list of

- `shift`: shift type,
- `Za`: MZ_α statistic and c.v.,
- `Zt`: MZ_t statistic and c.v.,
- `ADF`: ADF statistic and c.v..

References

MacKinnon, James G. “Critical Values for Cointegration Tests.” Working Paper. Working Paper. Economics Department, Queen’s University, January 2010. https://ideas.repec.org/p/qed/wpaper/1227.html.

Gregory, Allan W., and Bruce E. Hansen. “Residual-Based Tests for Cointegration in Models with Regime Shifts.” Journal of Econometrics 70, no. 1 (January 1, 1996): 99–126. https://doi.org/10.1016/0304-4076(69)41685-7.

`CPST.rescale` *Generating rescaled series as in Cavaliere et al. (2015)*

Description

This rescaling procedure is needed to cope with possible heteroscedasticity in the data. Simply it’s achieved by taking a cumulative sum of the first difference normalized by the non-parametric local estimate of the variance.

Usage

```
CPST.rescale(d.y, x, deter, k, max.lag)
```

Arguments

`d.y`	A series of first differences.
`x`	A matrix of ADF RHS variables.
`deter`	A matrix of deterministic variables for detrending.
`k`	A lag of the corresponding ADF model.
`max.lag`	The maximum possible lag.

Value

A rescaled series.

References

Cavaliere, Giuseppe, Peter C. B. Phillips, Stephan Smeekes, and A. M. Robert Taylor. “Lag Length Selection for Unit Root Tests in the Presence of Nonstationary Volatility.” Econometric Reviews 34, no. 4 (April 21, 2015): 512–36. https://doi.org/10.1080/07474938.2013.808065.

critical.values.break.date.cset *Critical values for break point confidence intervals*

Description

Auxiliary function returning pre-calculated critical values for break.date.cset

Usage

```
critical.values.break.date.cset(l_1, trend, conf.level, p_zb, p_zf)
```

Arguments

`l_1`	Relative break point position.
`trend`	Whether thern is to be included.
`conf.level`	Confidense level.
`p_zb`	Number of variables with breaks.
`p_zf`	Number of variables without breaks.

Details

The function is not intended to be used directly so it's not exported.

critical.values.KPSS.1p *Critical values for KPSS test with 1 break*

Description

Auxiliary function returning pre-calculated critical values for KPSS.1.break

Usage

```
critical.values.KPSS.1p(model, break.point, N, k)
```

Arguments

`model`	A scalar equal to • 1: for model An, • 2: for model A, • 3: for model B, • 4: for model C, • 5: for model D, • 6: for model E.
`break.point`	Position of the break point.
`N`	Number of observations.
`k`	Number of RHS variables.

Details

The function is not intended to be used directly so it's not exported.

---

critical.values.KPSS.2p *Critical values for KPSS test with 2 breaks*

Description

Auxiliary function returning pre-calculated critical values for KPSS.2.breaks

Usage

```
critical.values.KPSS.2p(model, break.point, N)
```

Arguments

`model` A scalar equal to

- 1: for the AA (without trend) model,
- 2: for the AA (with trend) model,
- 3: for the BB model,
- 4: for the CC model,
- 5: for the AC-CA model.

`break.point` Position of the break point.

`N` Number of observations.

Details

The function is not intended to be used directly so it's not exported.

---

determinants.KPSS.1.break *Construct determinant variables for KPSS.1.break*

Description

Construct determinant variables for KPSS.1.break

Usage

```
determinants.KPSS.1.break(model, N, break.point)
```

Arguments

`model` A scalar equal to

- 1: Model with trend, break in const,
- 2: Model with const and trend, break in const,
- 3: Model with const and trend, break in trend,
- 4: Model with const and trend, break in const and trend.

`N` Number of observations.

`break.point` Break point.

Details

Procedure to compute deterministic terms for KPSS with 1 structural break.

The function is not intended to be used directly so it's not exported.

Value

Matrix of determinant variables.

`determinants.KPSS.2.breaks` *Construct determinant variables for KPSS.2.breaks*

Description

Construct determinant variables for KPSS.2.breaks

Usage

```
determinants.KPSS.2.breaks(model, N, break.point)
```

Arguments

`model` A scalar equal to

- 1: for the AA (without trend) model,
- 2: for the AA (with trend) model,
- 3: for the BB model,
- 4: for the CC model,
- 5: for the AC-CA model,
- 6: for the AC-CA model,
- 7: for the AC-CA model.

`N` Number of observations.

`break.point` Positions for the first and second structural breaks (respective to the origin which is 1).

Details

Procedure to compute deterministic terms for KPSS with 2 structural breaks.

The function is not intended to be used directly so it's not exported.

Value

Matrix of deterministic terms.

`determinants.KPSS.N.breaks` *Deterministic terms for KPSS.N.breaks*

Description

Procedure to compute deterministic terms for KPSS with m structural breaks.

Usage

```
determinants.KPSS.N.breaks(model, N, break.point, const = FALSE, trend = FALSE)
```

Arguments

`model`	A scalar or vector of • 1: for the break in const, • 2: for the break in trend, • 3: for the break in const and trend.
`N`	Number of observations.
`break.point`	Array of structural breaks.
`const, trend`	Include constant and trend if `TRUE`.

Details

model should be either a scalar or a vector of the same size as the **break.point**. If scalar **model** will be repeated till the length of **break.point** is achieved.

Value

Matrix of deterministic terms.

`DOLS` *Estimating DOLS regression for multiple known break points*

Description

Estimating DOLS regression for multiple known break points

Usage

```
DOLS(y, x, model, break.point, k.lags, k.leads)
```

Arguments

`y` A dependent (LHS) variable.

`x` A matrix of explanatory (RHS) variables.

`model` See Carrion-i-Silvestre and Sansó (2006)

- 1: for model An,
- 2: for model A,
- 3: for model B,
- 4: for model C,
- 5: for model D,
- 6: for model E.

`break.point` A position of the break point.

`k.lags, k.leads` A number of lags and leads in DOLS regression.

Details

The function is not intended to be used directly so it's not exported.

Value

A list of:

- Estimates of coefficients,
- Estimates of residuals,
- A value of BIC,
- t-statistics for the estimates of coefficients.

References

Carrion-i-Silvestre, Josep Lluís, and Andreu Sansó. "Testing the Null of Cointegration with Structural Breaks." Oxford Bulletin of Economics and Statistics 68, no. 5 (October 2006): 623–46. https://doi.org/10.1111/j.1468-0084.2006.00180.x.

`DOLS.N.breaks` *Estimating DOLS regression for multiple known break points*

Description

Estimating DOLS regression for multiple known break points

Usage

```
DOLS.N.breaks(
  y,
  x,
  model,
  break.point,
  const = FALSE,
  trend = FALSE,
  k.lags,
  k.leads
)
```

Arguments

`y` A dependent (LHS) variable.

`x` A matrix of explanatory (RHS) variables.

`model` A scalar or vector of break types:

- 1: for the break in const.
- 2: for the break in trend.
- 3: for the break in const and trend.

`break.point` An array of moments of structural breaks.

`const, trend` Whether a constant or trend are to be included.

`k.lags, k.leads`
A number of lags and leads in DOLS regression.

Details

The function is not intended to be used directly so it's not exported.

Value

A list of:

- Estimates of coefficients,
- Estimates of residuals,
- A set of informational criterions values,
- t-statistics for the estimates of coefficients.

`DOLS.vars.N.breaks` *Preparing variables for DOLS regression with multiple known break points*

Description

Preparing variables for DOLS regression with multiple known break points

Usage

```
DOLS.vars.N.breaks(
  y,
  x,
  model,
  break.point,
  const = FALSE,
  trend = FALSE,
  k.lags,
  k.leads
)
```

Arguments

`y` A dependent (LHS) variable.

`x` A matrix of explanatory (RHS) variables.

`model` A scalar or vector of

- 1: for the break in const.
- 2: for the break in trend.
- 3: for the break in const and trend.

`break.point` An array of moments of structural breaks.

`const, trend` Whether a constant or trend are to be included.

`k.lags, k.leads` A number of lags and leads in DOLS regression.

Details

The function is not intended to be used directly so it's not exported.

Value

A list of LHS and RHS variables.

`eos.break.test` *Andrews-Kim (2006) test*

Description

Test for structural break at the end of the sample.

Usage

```
eos.break.test(eq, m, dataset)
```

Arguments

`eq` Base model formula. At the moment all the variables included should be defined explicitly, dynamic regressors (i.e. functions etc.) are not supported.

`m` Post-break period length.

`dataset` Source of the data.

Details

See Andrews and Kim (2006) for the detailed description.

Value

A list of

- `m`,
- estimated values of P- and R-tests,
- sequences of auxiliary statistics P_j and R_j,
- the corresponding p-values.

References

Andrews, D. W. K. “End-of-Sample Instability Tests.” Econometrica 71, no. 6 (2003): 1661–94. https://doi.org/10.1111/1468-0262.00466.

Andrews, Donald W. K, and Jae-Young Kim. “Tests for Cointegration Breakdown Over a Short Time Period.” Journal of Business & Economic Statistics 24, no. 4 (2006): 379–94. https://doi.org/10.1198/073500106000

`GLS` *Custom GLS with extra information*

Description

Getting GLS estimates of betas, residuals, forecasted values and t-values.

Usage

```
GLS(y, z, c)
```

Arguments

`y`	Dependent variable.
`z`	Explanatory variables.
`c`	Coefficient for ρ calculation.

Details

The function is not intended to be used directly so it’s not exported.

Value

The list of betas, residuals, forecasted values and t-values.

`GLS.bt` *GLS fitering*

Description

GLS fitering

Usage

```
GLS.bt(y, trim, c)
```

Arguments

`y`	Series of interest.
`trim`	Trimming parameter.
`c`	Filtering parameter.

`info.criterion` *Information criterions*

Description

Information criterions

Usage

```
info.criterion(resids, extra, modification = FALSE, alpha = 0, y = NULL)
```

Arguments

`resids`	Input residuals needed for estimating the values of information criterions.
`extra`	Number of extra parameters needed for estimating the punishment term.
`modification`	Whether the unit-root test modificaton is needed. See Ng and Perron (2001) for further information.
`alpha`	The coefficient α of y_{t-1} in ADF model. Needed only for criterion modification purposes.
`y`	The vector of y_{t-1} in ADF model. Needed only for criterion modification purposes.

Details

Calculating the value of the following informational criterions:

- Akaike,
- Schwarz (Bayesian),
- Hannan-Quinn,
- Liu et al.

Value

The list of information criterions values.

References

Ng, Serena, and Pierre Perron. “Lag Length Selection and the Construction of Unit Root Tests with Good Size and Power.” Econometrica 69, no. 6 (2001): 1519–54. https://doi.org/10.1111/1468-0262.00256.

KP *Kejrival-Perron procedure of breaks number detection*

Description

Kejrival-Perron procedure of breaks number detection

Usage

```
KP(y, const = FALSE, breaks = 1, criterion = "aic", trim = 0.15)
```

Arguments

`y`	An input series of interest.
`const`	Whether the break in constant is allowed.
`breaks`	Number of breaks.
`criterion`	Needed information criterion: aic, bic, hq or lwz.
`trim`	A trimming value for a possible break date bounds.

Value

The estimated optimal break point.

References

Kejriwal, Mohitosh, and Pierre Perron. “A Sequential Procedure to Determine the Number of Breaks in Trend with an Integrated or Stationary Noise Component: Determination of Number of Breaks in Trend.” Journal of Time Series Analysis 31, no. 5 (September 2010): 305–28. https://doi.org/10.1111/j.1467-9892.2010.00666.x.

KPSS *Auxiliary function returning KPSS statistic value.*

Description

Auxiliary function returning KPSS statistic value.

Usage

```
KPSS(resids, variance)
```

Arguments

`resids`	The series of residuals.
`variance`	The value of the long-run variance.

Details

The function is not intended to be used directly so it's not exported.

KPSS.1.break *KPSS-test with known structural break*

Description

Computes the cointegration test with one known structural break.

Usage

```
KPSS.1.break(y, x, model, break.point, weakly.exog = TRUE, ll.init)
```

Arguments

`y` An input (LHS) time series of interest.

`x` A matrix of (RHS) explanatory stochastic regressors.

`model` A scalar equal to

- 1: for model An,
- 2: for model A,
- 3: for model B,
- 4: for model C,
- 5: for model D,
- 6: for model E.

`break.point` Position of the break point.

`weakly.exog` Exogeneity of the stochastic regressors

- `TRUE`: if the regressors are weakly exogenous,
- `FALSE`: if the regressors are not weakly exogenous (DOLS is used in this case).

`ll.init` Scalar, defines the initial number of leads and lags for DOLS.

Details

The code provided is the original GAUSS code ported to R.

See Carrion-i-Silvestre and Sansó (2006) for further details.

Value

A list of:

- `beta`: DOLS estimates of the coefficients regressors,
- `tests`: SC test (coinKPSS-test),
- `resid`: Residuals of the model,
- `t.beta`: Individual significance t-statistics,
- `break_point`: Break points.

References

Carrion-i-Silvestre, Josep Lluís, and Andreu Sansó. "Testing the Null of Cointegration with Structural Breaks." Oxford Bulletin of Economics and Statistics 68, no. 5 (October 2006): 623–46. https://doi.org/10.1111/j.1468-0084.2006.00180.x.

`KPSS.1.break.unknown` *KPSS-test of cointegration*

Description

Procedure for testing the null of cointegration in the possible presence of structural breaks.

Usage

```
KPSS.1.break.unknown(y, x, model, weakly.exog, ll.init)
```

Arguments

`y` (Tx1)-vector of the dependent variable

`x` (Txk)-matrix of explanatory stochastic regressors

`model` A scalar equal to

- 1: for model An,
- 2: for model A,
- 3: for model B,
- 4: for model C,
- 5: for model D,
- 6: for model E.

`weakly.exog` Exogeneity of the stochastic regressors

- `TRUE`: if the regressors are weakly exogenous,
- `FALSE`: if the regressors are not weakly exogenous (DOLS is used in this case).

`ll.init` Scalar, defines the initial number of leads and lags for DOLS.

Details

Computes the cointegration test with one unknown structural break where the break point is estimated either minimizing the value of the statistic or the sum of the squared residuals. The estimation of the cointegrating relationship bases on DOLS.

The code provided is the original GAUSS code ported to R.

See Carrion-i-Silvestre and Sansó (2006) for further details.

Value

(2x2)-matrix, where the first rows gives the value of the min(SC) test and the estimated break point; the second row gives the value of the SC statistic, where the break point is estimated as min(SSR).

References

Carrion-i-Silvestre, Josep Lluís, and Andreu Sansó. "Testing the Null of Cointegration with Structural Breaks." Oxford Bulletin of Economics and Statistics 68, no. 5 (October 2006): 623–46. https://doi.org/10.1111/j.1468-0084.2006.00180.x.

`KPSS.2.breaks` *KPSS-test with 2 known structural breaks*

Description

Procedure to compute the KPSS test with two structural breaks

Usage

```
KPSS.2.breaks(y, model, break.point, max.lag, kernel)
```

Arguments

`y` An input (LHS) time series of interest.

`model` A scalar equal to

- 1: for the AA (without trend) model,
- 2: for the AA (with trend) model,
- 3: for the BB model,
- 4: for the CC model,
- 5: for the AC-CA model.

`break.point` Positions for the first and second structural breaks (respective to the origin which is 1).

`max.lag` scalar, with the maximum order of the parametric correction. The final order of the parametric correction is selected using the BIC information criterion.

`kernel` Kernel for calculating long-run variance

- `bartlett`: for Bartlett kernel,
- `quadratic`: for Quadratic Spectral kernel,
- `NULL` for the Kurozumi's proposal, using Bartlett kernel.

Details

The break points are known

The code provided is the original GAUSS code ported to R.

See Carrion-i-Silvestre and Sansó (2007) for further details.

Value

A list of:

- `beta`: DOLS estimates of the coefficients regressors,
- `tests`: SC test (coinKPSS-test),
- `resid`: Residuals of the model,
- `t.beta`: t-statistics for `beta`,
- `break_point`: Break points.

References

Carrion-i-Silvestre, Josep Lluís, and Andreu Sansó. “The KPSS Test with Two Structural Breaks.” Spanish Economic Review 9, no. 2 (May 16, 2007): 105–27. https://doi.org/10.1007/s10108-006-9017-8.

`KPSS.2.breaks.unknown` *KPSS-test with 2 unknown structural breaks*

Description

Procedure to compute the KPSS test with two structural breaks

Usage

```
KPSS.2.breaks.unknown(y, model, max.lag = 0, kernel = "bartlett")
```

Arguments

`y` (Tx1)-vector of time series.

`model` A scalar equal to

- 1: for the AA (without trend) model,
- 2: for the AA (with trend) model,
- 3: for the BB model,
- 4: for the CC model,
- 5: for the AC-CA model.

`max.lag` scalar, with the maximum order of the parametric correction. The final order of the parametric correction is selected using the BIC information criterion.

`kernel` Kernel for calculating long-run variance

- `bartlett`: for Bartlett kernel,
- `quadratic`: for Quadratic Spectral kernel,
- `NULL` for the Kurozumi’s proposal, using Bartlett kernel.

Details

The break points are known

The code provided is the original GAUSS code ported to R.

See Carrion-i-Silvestre and Sansó (2007) for further details.

Value

Value of test statistic.

References

Carrion-i-Silvestre, Josep Lluís, and Andreu Sansó. "Testing the Null of Cointegration with Structural Breaks." Oxford Bulletin of Economics and Statistics 68, no. 5 (October 2006): 623–46. https://doi.org/10.1111/j.1468-0084.2006.00180.x.

`KPSS.HLT` *Unit root testing procedure under a single structural break.*

Description

Unit root testing procedure under a single structural break.

Usage

```
KPSS.HLT(y, const = FALSE, trim = 0.15)
```

Arguments

`y`	A series of interest.
`const`	Whether a constant should be included.
`trim`	The trimming parameter to find the lower and upper bounds of possible break dates.

Value

The value of test statistic.

References

Harvey, David I., Stephen J. Leybourne, and A. M. Robert Taylor. "Unit Root Testing under a Local Break in Trend." Journal of Econometrics 167, no. 1 (2012): 140–67.

KPSS.N.breaks *KPSS-test with multiple known structural breaks*

Description

Procedure to compute the KPSS test with multiple known structural breaks

Usage

```
KPSS.N.breaks(
  y,
  x,
  model,
  break.point,
  const = FALSE,
  trend = FALSE,
  weakly.exog = TRUE,
  lags.init,
  leads.init,
  max.lag,
  kernel,
  criterion = "bic"
)
```

Arguments

`y` An input (LHS) time series of interest.

`x` A matrix of (RHS) explanatory stochastic regressors.

`model` A scalar or vector of

- 1: for the break in const,
- 2: for the break in trend,
- 3: for the break in const and trend.

`break.point` Array of structural breaks.

`const, trend` Whether a constant or trend should be included.

`weakly.exog` Boolean where we specify whether the stochastic regressors are exogenous or not

- `TRUE`: if the regressors are weakly exogenous,
- `FALSE`: if the regressors are not weakly exogenous (DOLS is used in this case).

`lags.init, leads.init`
Scalars defininig the initial number of lags and leads for DOLS.

`max.lag` scalar, with the maximum order of the parametric correction. The final order of the parametric correction is selected using the BIC information criterion.

`kernel` Kernel for calculating long-run variance

- `bartlett`: for Bartlett kernel,
- `quadratic`: for Quadratic Spectral kernel,
- `NULL` for the Kurozumi's proposal, using Bartlett kernel.

`criterion` Information criterion for DOLS lags and leads selection: aic, bic, hq, or lwz.

Value

A list of

- `beta`: DOLS estimates of the coefficients regressors,
- `tests`: SC test (coinKPSS-test),
- `resid`: Residuals of the model,
- `t.beta`: t-statistics for `beta`,
- `DOLS.lags`: The estimated number of lags and leads in DOLS,
- `break_point`: Break points.

References

Carrion-i-Silvestre, Josep Lluís, and Andreu Sansó. "Testing the Null of Cointegration with Structural Breaks." Oxford Bulletin of Economics and Statistics 68, no. 5 (October 2006): 623–46. https://doi.org/10.1111/j.1468-0084.2006.00180.x.

Carrion-i-Silvestre, Josep Lluís, and Andreu Sansó. "The KPSS Test with Two Structural Breaks." Spanish Economic Review 9, no. 2 (May 16, 2007): 105–27. https://doi.org/10.1007/s10108-006-9017-8.

`KPSS.N.breaks.bootstrap` *KPSS-test with multiple unknown structural breaks*

Description

Procedure to compute the KPSS test with multiple unknown structural breaks

Usage

```
KPSS.N.breaks.bootstrap(
  y,
  x,
  model,
  break.point,
  const = FALSE,
  trend = FALSE,
  weakly.exog = TRUE,
  lags.init,
  leads.init,
  max.lag,
  kernel,
  iter = 9999,
  bootstrap = "sample",
  criterion = "bic"
)
```

Arguments

`y` An input (LHS) time series of interest.

`x` A matrix of (RHS) explanatory stochastic regressors.

`model` A scalar or vector of

- 1: for the break in const,
- 2: for the break in trend,
- 3: for the break in const and trend.

`break.point` Array of structural breaks.

`const` Include constant if **TRUE**.

`trend` Include trend if **TRUE**.

`weakly.exog` Boolean where we specify whether the stochastic regressors are exogenous or not

- `TRUE`: if the regressors are weakly exogenous,
- `FALSE`: if the regressors are not weakly exogenous (DOLS is used in this case).

`lags.init, leads.init`
Scalars defininig the initial number of lags and leads for DOLS.

`max.lag` scalar, with the maximum order of the parametric correction. The final order of the parametric correction is selected using the BIC information criterion.

`kernel` Kernel for calculating long-run variance

- `bartlett`: for Bartlett kernel,
- `quadratic`: for Quadratic Spectral kernel,
- `NULL` for the Kurozumi's proposal, using Bartlett kernel.

`iter` Number of bootstrap iterations.

`bootstrap` Type of bootstrapping:

- `"sample"`: sampling from residuals with replacement,
- `"Cavaliere-Taylor"`: multiplying residuals by $N(0, 1)$-distributed variable,
- `"Rademacher"`: multiplying residuals by Rademacher-distributed variable.

`criterion` Information criterion for DOLS lags and leads selection: aic, bic or lwz.

Value

A list of:

- `test`: The value of KPSS test statistic,
- `p.value`: The estimates p-value,
- `bootstrapped`: Bootstrapped auxiliary statistics.

`lagn` *Produce a vector lagged backward of forward*

Description

Produce a vector lagged backward of forward

Usage

```
lagn(x, i, na = NA)
```

Arguments

`x`	Initial vector.
`i`	Size of lag (lead if negative).
`na`	Value to fill missing observations, `NA` by default.

Details

The function is not intended to be used directly so it's not exported.

Value

Lagged or leaded vector.

`lr.var` *Calculating long-run variance or covariance matrix*

Description

Calculating long-run variance or covariance matrix

Usage

```
lr.var(
  y,
  demean = TRUE,
  kernel = "bartlett",
  limit.lags = FALSE,
  limit.selector = "kpss-q",
  upper.rho.limit = 0.97,
  upper.lag.limit = 0.8,
  recolor = FALSE,
  max.lag = 0,
  criterion = "bic"
)

lr.var.bartlett(y)
lr.var.quadratic(y)

lr.var.bartlett.AK(y)

lr.var.SPC(y, max.lag = 0, kernel = "bartlett", criterion = "bic")
```

Arguments

`y` A series of interest.

`demean` Whether the demeaning is needed.

`kernel` A kernel to be used:

- `truncated`: $\begin{cases} 1 & \|x\| \leq 1 \\ 0 & \text{otherwize} \end{cases}$
- `bartlett`: $\begin{cases} 1 - \|x\| & \|x\| \leq 1 \\ 0 & \text{otherwize} \end{cases}$
- `parzen`: $\begin{cases} 1 - 6x^2 + 6\|x\|^3 & \|x\| \leq 1/2 \\ 2(1 - \|x\|)^3 & 1/2 \leq \|x\| \leq 1 \\ 0 & \text{otherwize} \end{cases}$
- `tukey-hanning`: $\begin{cases} (1 + \cos(\pi x))/2 & \|x\| \leq 1 \\ 0 & \text{otherwize} \end{cases}$
- `quadratic`: $\frac{25}{12\pi^2 x^2}\left(\frac{\sin(6\pi x/5)}{6\pi x/5} - \cos(6\pi x/5)\right)$

`limit.lags` Whether all lags shoult be used in formulae.

`limit.selector` Way of limit selection:

- `kpss-q`: $4(T/100)^{1/4}$.
- `kpss-m`: $12(T/100)^{1/4}$.
- `Andrews`: kernel-specific formula from Andrews (1991).
- `Kurozumi`: kernel-specific formula from Andrews (1991) with Kurozumi (2002) proposal.

`upper.rho.limit`
The upper limit for the value or AR-coefficient.

`upper.lag.limit`
The value used to calculate the upper limit for Kurozumi (2002) proposal.

`recolor` Whether the correction by Sul et al. (2005) should be used. This option resets `limit.lags` to `TRUE`, and `limit.selector` to `Andrews`.

`max.lag` Maximum number of lags used in AR regresion during recolorization. Otherwize ignored.

`criterion` The information crietreion: bic, aic or lwz.

References

Andrews, Donald W. K. "Heteroskedasticity and Autocorrelation Consistent Covariance Matrix Estimation." Econometrica 59, no. 3 (1991): 817–58. https://doi.org/10.2307/2938229.

Kurozumi, Eiji. "Testing for Stationarity with a Break." Journal of Econometrics 108, no. 1 (May 1, 2002): 63–99. https://doi.org/10.1016/S0304-4076(01)00106-3.

Sul, Donggyu, Peter C. B. Phillips, and Chi-Young Choi. "Prewhitening Bias in HAC Estimation." Oxford Bulletin of Economics and Statistics 67, no. 4 (August 2005): 517–46. https://doi.org/10.1111/j.1468-0084.2005.00130.x.

MDF.CHLT *MDF test for a single break and possible heterscedasticity*

Description

MDF test for a single break and possible heterscedasticity

Usage

```
MDF.CHLT(y, max.lag = 10, trim = 0.15, iter = 499)
```

Arguments

y	A series of interest
max.lag	The maximum possible lag.
trim	Trimming parameter for lag selection
iter	Number of bootstrap iterations.

Value

An object of type mdfCHLT. It's a list of four sublists each containing:

- The value of MZ_α, MSB, MZ_t, or ADF,
- The asymptotic c.v.,
- The bootstrapped c.v.

References

Cavaliere, Giuseppe, David I. Harvey, Stephen J. Leybourne, and A.M. Robert Taylor. "Testing for Unit Roots in the Presence of a Possible Break in Trend and Nonstationary Volatility." Econometric Theory 27, no. 5 (October 2011): 957–91. https://doi.org/10.1017/S0266466610000605.

MDF.multiple *MDF procedure for multiple unknown breaks.*

Description

MDF procedure for multiple unknown breaks.

Usage

```
MDF.multiple(
  y,
  const = FALSE,
  breaks = 1,
  breaks.star = 1,
  trim = 0.15,
  ZA = FALSE
)
```

Arguments

`y` A series of interest.

`const` Whether the constant term should be included.

`breaks` Number of breaks.

`breaks.star` Number of breaks got from the Kejrival-Perron procedure.

`trim` Trimming value for a possible break date bounds.

`ZA` Whether ZA variant should be used.

Value

A list of sublists each containing

- The value of statistic: $MDF - GLS$, $MDF - OLS$,
- The asymptotic critical values. UR values are included as well.

`MDF.single` *MDF procedure for a single unknown break.*

Description

MDF procedure for a single unknown break.

Usage

```
MDF.single(y, const = FALSE, trend = FALSE, trim = 0.15)
```

Arguments

`y` A series of interest.

`const` Whether the constant term should be included.

`trend` Whether the trend term should be included.

`trim` Trimming value for a possible break date bounds.

Value

A list of sublists each containing

- The value of statistic: $MDF - GLS$, $MDF - OLS$,
- The asymptotic critical values. UR values are included as well.

`MZ.statistic` *Calculating M-statistics by Stock (1990) and Perron and Ng (1996).*

Description

Calculating M-statistics by Stock (1990) and Perron and Ng (1996).

Usage

```
MZ.statistic(y, l, const = FALSE, trend = FALSE)
```

Arguments

`y`	A series of interest.
`l`	Number of lags for inner ADF test.
`const, trend`	Whether a constand and trend are to be included.

Details

The function is not intended to be used directly so it's not exported.

Value

List of values of MZ_α, MZ_t and MSB statistics.

References

Perron, Pierre, and Serena Ng. "Useful Modifications to Some Unit Root Tests with Dependent Errors and Their Local Asymptotic Properties." The Review of Economic Studies 63, no. 3 (July 1, 1996): 435–63. https://doi.org/10.2307/2297890.

Stock, James H. "A Class of Tests for Integration and Cointegration." Kennedy School of Government, Harvard University, 1990.

`NW.estimation` *Nadaraya–Watson kernel regression.*

Description

Nadaraya–Watson kernel regression.

Usage

```
NW.estimation(y, x, h, kernel = "unif")
```

Arguments

`y`	LHS dependent variable.
`x`	RHS explanation variable.
`h`	Bandwidth.
`kernel`	Needed kernel, currently only `unif` and `gauss`.

Details

The function is not intended to be used directly so it's not exported.

Value

A list of arguments as well as the estimated coefficient vector and residuals.

References

Harvey, David I., S. Leybourne, Stephen J., and Yang Zu. "Nonparametric Estimation of the Variance Function in an Explosive Autoregression Model." School of Economics. University of Nottingham, 2022.

`NW.loocv` *LOO-CV for h in Nadaraya–Watson kernel regression.*

Description

LOO-CV for h in Nadaraya–Watson kernel regression.

Usage

```
NW.loocv(y, x, kernel = "unif")
```

Arguments

`y`	LHS dependent variable.
`x`	RHS explanation variable.
`kernel`	Needed kernel, currently only `unif` and `gauss`.

Details

The function is not intended to be used directly so it's not exported.

Value

A list of arguments as well as the estimated bandwidth `h`.

References

Harvey, David I., S. Leybourne, Stephen J., and Yang Zu. "Nonparametric Estimation of the Variance Function in an Explosive Autoregression Model." School of Economics. University of Nottingham, 2022.

`NW.volatility` *NW.volatility - Nadaraya–Watson kernel volatility estimation*

Description

NW.volatility - Nadaraya–Watson kernel volatility estimation

Usage

```
NW.volatility(e, h, kernel = "unif")
```

Arguments

`e`	The series of interest.
`h`	Bandwidth.
`kernel`	Needed kernel, currently only `unif` and `gauss`.

Details

The function is not intended to be used directly so it's not exported.

Value

A list of arguments as well as the estimated omega and s.e.

References

Cavaliere, Giuseppe, Peter C. B. Phillips, Stephan Smeekes, and A. M. Robert Taylor. "Lag Length Selection for Unit Root Tests in the Presence of Nonstationary Volatility." Econometric Reviews 34, no. 4 (April 21, 2015): 512–36. https://doi.org/10.1080/07474938.2013.808065.

Harvey, David I., S. Leybourne, Stephen J., and Yang Zu. "Nonparametric Estimation of the Variance Function in an Explosive Autoregression Model." School of Economics. University of Nottingham, 2022.

`OLS` *Custom OLS with extra information*

Description

Getting OLS estimates of betas, residuals, forecasted values and t-values.

Usage

```
OLS(y, x)
```

Arguments

`y`	Dependent variable.
`x`	Explanatory variables.

Details

The function is not intended to be used directly so it's not exported.

Value

The list of:

- `beta`: estimates of coefficients,
- `resid`: estimated residuals,
- `predict`: forecasted values,
- `t.beta`: t-statistics for `beta`.

`p.values.SADF` *Critical values for SADF-type tests*

Description

Interpolating p-value for intermediate observation numbers for SADF-type tests.

Usage

```
p.values.SADF(statistic, N.obs, cr.values)
```

Arguments

`statistic`	The statistic value.
`N.obs`	The number of observations.
`cr.values`	The set of precalculated tables.

Details

The function is not intended to be used directly so it's not exported.

`print.sadf` *Custom functions for printing results in a nice way.*

Description

Custom functions for printing results in a nice way.

Usage

```
## S3 method for class 'sadf'
print(x, ...)

## S3 method for class 'mdfHLT'
print(x, ...)

## S3 method for class 'mdfHLTN'
print(x, ...)

## S3 method for class 'mdfCHLT'
print(x, ...)

## S3 method for class 'cointGH'
print(x, ...)
```

Arguments

`x`	Object containing results.
`...`	Any additional arguments for print function.

`PY.sequential` *Sequential Perron-Yabu (2009) statistic for breaks at unknown date.*

Description

Sequential Perron-Yabu (2009) statistic for breaks at unknown date.

Usage

```
PY.sequential(
  y,
  const = FALSE,
  breaks = 1,
  criterion = "aic",
  trim = 0.15,
  max.lag = 1
)
```

Arguments

`y`	The input series of interest.
`const`	Allowing the break in constant.
`breaks`	Number of breaks.
`criterion`	Needed information criterion: aic, bic, hq or lwz.
`trim`	A trimming value for a possible break date bounds.
`max.lag`	The maximum possible lag in the model.

Value

The estimated Wald statistic.

References

Kejriwal, Mohitosh, and Pierre Perron. “A Sequential Procedure to Determine the Number of Breaks in Trend with an Integrated or Stationary Noise Component: Determination of Number of Breaks in Trend.” Journal of Time Series Analysis 31, no. 5 (September 2010): 305–28. https://doi.org/10.1111/j.1467-9892.2010.00666.x.

`PY.single` *Perron-Yabu (2009) statistic for break at unknown date.*

Description

Perron-Yabu (2009) statistic for break at unknown date.

Usage

```
PY.single(
  y,
  const = FALSE,
  trend = FALSE,
  criterion = "aic",
  trim = 0.15,
  max.lag
)
```

Arguments

`y`	The input series of interest.
`const, trend`	Allowing the break in constant or trend.
`criterion`	Needed information criterion: aic, bic, hq or lwz.
`trim`	A trimming value for a possible break date bounds.
`max.lag`	The maximum possible lag in the model.

Value

A list of the estimated Wald statistic as well as its c.v.

References

Perron, Pierre, and Tomoyoshi Yabu. “Testing for Shifts in Trend With an Integrated or Stationary Noise Component.” Journal of Business & Economic Statistics 27, no. 3 (July 2009): 369–96. https://doi.org/10.1198/jbes.2009.07268.

`recursive.detrend` *Detrending the data recursively*

Description

This procedure is aimed to provide a recursively detrended series. More or less classical approach of full-sample detrending may lead to the regressors correlated with the error term.

Usage

```
recursive.detrend(y, x, c, gamma, trim)
```

Arguments

`y`	The dependent (LHS) variable.
`x`	The matrix of explanatory (RHS) variables.
`c`	A filtration parameter used to construct an autocorrelation coefficient.
`gamma`	A detrending type selection parameter. If 0 the OLS detrending is applied, if 1 the GLS detrending is applied, otherwise the autocorrelation coefficient is calculated as $1 + c^{\gamma} T^{-\gamma}$.
`trim`	The trimming parameter. It's used to find the minimum size of subsamples while calculating recursive estimates. The ending point of the subsample for the t is $max(t, trim \times T)$.

Details

Elliott et al (1996) recommend using $c = -7$ for the model with only an intercept, and $c = -13.5$ for the model with a linear trend.

The function is not intended to be used directly so it's not exported.

Value

A detrended series.

References

Elliott, Graham, Thomas J. Rothenberg, and James H. Stock. "Efficient Tests for an Autoregressive Unit Root." Econometrica 64, no. 4 (1996): 813–36. https://doi.org/10.2307/2171846.

Taylor, A. M. Robert. "Regression-Based Unit Root Tests With Recursive Mean Adjustment for Seasonal and Nonseasonal Time Series." Journal of Business & Economic Statistics 20, no. 2 (April 2002): 269–81. https://doi.org/10.1198/073500102317352001.

`reindex` *A function that makes reindexing*

Description

The function is aimed to calculate the sequence of indices providing a new "time transformed" time series as in Cavaliere and Taylor (2008).

Usage

```
reindex(u)
```

Arguments

`u`	The residuals series for reindexing.

Details

The function is not intended to be used directly so it's not exported.

References

Cavaliere, Giuseppe, and A. M. Robert Taylor. "Time-Transformed Unit Root Tests for Models with Non-Stationary Volatility." Journal of Time Series Analysis 29, no. 2 (March 2008): 300–330. https://doi.org/10.1111/j.1467-9892.2007.00557.x.

Kurozumi, Eiji, Anton Skrobotov, and Alexey Tsarev. "Time-Transformed Test for Bubbles under Non-Stationary Volatility." Journal of Financial Econometrics, April 23, 2022. https://doi.org/10.1093/jjfinec/nbac004.

`robust.tests.multiple` *A wrapping function around KP and MDF.multiple.*

Description

A wrapping function around KP and MDF.multiple.

Usage

```
robust.tests.multiple(
  y,
  const = FALSE,
  season = FALSE,
  breaks = 2,
  trim = 0.15
)
```

Arguments

`y`	A series of interest.
`const`	Whether the constant term should be included.
`season`	Whether the seasonal adjustment is needed.
`breaks`	Number of breaks.
`trim`	Trimming value for a possible break date bounds.

`robust.tests.single` *A wrapping function around MDF.single.*

Description

A wrapping function around MDF.single.

Usage

```
robust.tests.single(
  y,
  const = FALSE,
  trend = FALSE,
  season = FALSE,
  trim = 0.15
)
```

Arguments

`y`	A series of interest.
`const`	Whether the constant term should be included.
`trend`	Whether the trend term should be included.
`season`	Whether the seasonal adjustment is needed.
`trim`	Trimming value for a possible break date bounds.

`SADF.bootstrap.test` *Supremum ADF tests with wild bootstrap.*

Description

`SADF.bootstrap.test` is a wild bootstrapping procedure for estimating critical and p-values for SADF.test.

`GSADF.bootstrap.test` is the same procedure but for GSADF.test.

Usage

```
SADF.bootstrap.test(
  y,
  trim = 0.01 + 1.8/sqrt(length(y)),
  const = TRUE,
  alpha = 0.05,
  iter = 999,
  seed = round(10^4 * sd(y))
)

GSADF.bootstrap.test(
  y,
  trim = 0.01 + 1.8/sqrt(length(y)),
  const = TRUE,
  alpha = 0.05,
  iter = 4 * 200,
  seed = round(10^4 * sd(y))
)
```

Arguments

`y`	An input time series of interest.
`trim`	Trimming parameter to determine the lower and upper bounds.
`const`	Whether the constant needs to be included.
`alpha`	The significance level of interest.
`iter`	The number of iterations.
`seed`	The seed parameter for the random number generator.

Value

An object of type `sadf`. It's a list of:

- `y`,
- `trim`,
- `const`,
- `alpha`,
- `iter`,
- `seed`,
- vector of t-values,
- the value of the corresponding test statistic,
- series of bootstrapped test statistics,
- bootstrapped critical values,
- p-value.

References

Kurozumi, Eiji, Anton Skrobotov, and Alexey Tsarev. "Time-Transformed Test for Bubbles under Non-Stationary Volatility." Journal of Financial Econometrics, April 23, 2022. https://doi.org/10.1093/jjfinec/nbac004.

SADF.test *Supremum ADF tests*

Description

SADF.test is a test statistic equal to the minimum value of ADF.test for subsamples starting at $t = 1$.

GSADF.test is a generalized version of SADF.test. Subsamples are allowed to start at any point between 1 and $T(1 - trim)$.

Usage

```
SADF.test(
  y,
  trim = 0.01 + 1.8/sqrt(length(y)),
  const = TRUE,
  add.p.value = TRUE
)

GSADF.test(
  y,
  trim = 0.01 + 1.8/sqrt(length(y)),
  const = TRUE,
  add.p.value = TRUE
)
```

Arguments

y	The input time series of interest.
trim	Trimming parameter to determine the lower and upper bounds.
const	Whether the constant needs to be included.
add.p.value	Whether the p-value is to be returned. This argument is needed to suppress the calculation of p-values during the precalculation of tables needed for the p-values estimating.

Value

An object of type sadf. It's a list of:

- y,
- trim,
- const,
- vector of t-values,
- the value of the corresponding test statistic,
- p-value if it was asked for.

References

Kurozumi, Eiji, Anton Skrobotov, and Alexey Tsarev. “Time-Transformed Test for Bubbles under Non-Stationary Volatility.” Journal of Financial Econometrics, April 23, 2022. https://doi.org/10.1093/jjfinec/nbac004.

sb.GSADF.test *Sign-based SADF test*

Description

Sign-based SADF test

Usage

```
sb.GSADF.test(
  y,
  trim = 0.01 + 1.8/sqrt(length(y)),
  const = TRUE,
  alpha = 0.05,
  iter = 999,
  urs = TRUE,
  seed = round(10^4 * sd(y))
)
```

Arguments

`y`	A series of interest.
`trim`	Trimming parameter to determine the lower and upper bounds.
`const`	Whether the constant needs to be included.
`alpha`	Needed level of significance.
`iter`	Number of bootstrapping iterations.
`urs`	Use union of rejections strategy if `TRUE`.
`seed`	The seed parameter for the random number generator.

References

Harvey, David I., Stephen J. Leybourne, and Yang Zu. “Sign-Based Unit Root Tests for Explosive Financial Bubbles in the Presence of Deterministically Time-Varying Volatility.” Econometric Theory 36, no. 1 (February 2020): 122–69. https://doi.org/10.1017/S0266466619000057.

seasonal.dummies *Generating monthly seasonal dummy variables*

Description

Generating monthly seasonal dummy variables

Usage

```
seasonal.dummies(N)
```

Arguments

`N`	number of observations.

Details

The function is not intended to be used directly so it’s not exported.

Value

The matrix of values od seasonal dummies.

segments.GLS *Procedure to minimize the GLS-SSR for 1 break point*

Description

Procedure to minimize the GLS-SSR for 1 break point

Usage

```
segments.GLS(
  y,
  const = FALSE,
  trend = FALSE,
  breaks = 1,
  first.break = NULL,
  last.break = NULL,
  trim = 0.15
)
```

Arguments

`y`	Variable of interest.
`const`	Whether there is a break in the constant.
`trend`	Whether there is a break in the trend.
`breaks`	Number of breaks.
`first.break`	First possible break point.
`last.break`	Last possible break point.
`trim`	Trim value to calculate `first.break` and `last.break` if not provided.

Details

The function is not intended to be used directly so it’s not exported.

Value

The point of possible break.

References

Skrobotov, Anton. “On Trend Breaks and Initial Condition in Unit Root Testing.” Journal of Time Series Econometrics 10, no. 1 (2018): 1–15. https://doi.org/10.1515/jtse-2016-0014.

`segments.OLS` *Find $m + 1$ optimal partitions*

Description

Find $m + 1$ optimal partitions

Usage

```
segments.OLS(y, x, m = 1, width = 2, SSR.data = NULL)
```

Arguments

`y`	(Tx1)-vector of the dependent variable.
`x`	(Txk)-vector of the explanatory stochastic regressors.
`m`	Number of breaks.
`width`	Minimum spacing between the breaks.
`SSR.data`	Optional matrix of recursive SSR's.

Details

The function is not intended to be used directly so it's not exported.

Value

A list of:

- optimal SSR,
- the vector of break points.

References

Bai, Jushan, and Pierre Perron. “Computation and Analysis of Multiple Structural Change Models.” Journal of Applied Econometrics 18, no. 1 (2003): 1–22. https://doi.org/10.1002/jae.659.

`segments.OLS.double` *Procedure to minimize the SSR for 2 break points*

Description

Procedure to minimize the SSR for 2 break points

Usage

```
segments.OLS.double(y, model)
```

Arguments

`y`	(Tx1)-vector of time series
`model`	A scalar equal to • 1: for the AA (without trend) model, • 2: for the AA (with trend) model, • 3: for the BB model, • 4: for the CC model, • 5: for the AC-CA model.

Details

The function is not intended to be used directly so it's not exported.

Value

A list of

- resid: (Tx1) vector of estimated OLS residuals,
- tb1: The first break point,
- tb2: The second break point.

References

Carrion-i-Silvestre, Josep Lluís, and Andreu Sansó. "The KPSS Test with Two Structural Breaks." Spanish Economic Review 9, no. 2 (May 16, 2007): 105–27. https://doi.org/10.1007/s10108-006-9017-8.

`segments.OLS.single` *Procedure to minimize the SSR for 1 break point*

Description

Procedure to minimize the SSR for 1 break point

Usage

```
segments.OLS.single(beg, end, first.break, last.break, len, SSR.data)
```

Arguments

`beg`	Sample begin.
`end`	Sample end.
`first.break`	First possible break point.
`last.break`	Last possible break point.
`len`	Total number of observations.
`SSR.data`	The matrix of recursive SSR values.

Details

The function is not intended to be used directly so it's not exported.

Value

A list of:

- `SSR`: Optimal SSR value,
- `break.point`: The point of possible break.

References

Carrion-i-Silvestre, Josep Lluís, and Andreu Sansó. “Testing the Null of Cointegration with Structural Breaks.” Oxford Bulletin of Economics and Statistics 68, no. 5 (October 2006): 623–46. https://doi.org/10.1111/j.1468-0084.2006.00180.x.

`select.lead.lag` *Estimating optimal number of leads and lags*

Description

Estimating optimal number of leads and lags

Usage

```
select.lead.lag(
  y,
  trend = TRUE,
  zb = NULL,
  zf = NULL,
  trim = 0.05,
  criterion = "bic"
)
```

Arguments

`y`	LHS dependent variable.
`trend`	Whether the trend is to be included.
`zb`	I(1) regressors with break.
`zf`	I(1) regressors without break.
`trim`	The trimming parameter to find the lower and upper bounds of possible break date.
`criterion`	A criterion for lead and lag number estimation.

Details

The function is not intended to be used directly so it's not exported.

Value

A list of estimated values of leads and lags.

References

Kurozumi, Eiji, and Anton Skrobotov. “Confidence Sets for the Break Date in Cointegrating Regressions.” Oxford Bulletin of Economics and Statistics 80, no. 3 (2018): 514–35. https://doi.org/10.1111/obes.12223.

`SSR.matrix` *Pre-calculate matrix of recursive SSR values.*

Description

Pre-calculate matrix of recursive SSR values.

Usage

```
SSR.matrix(y, x, width = 2)
```

Arguments

`y`	Dependent variable.
`x`	Explanatory variables.
`width`	Minimum spacing between the breaks.

Details

The function is not intended to be used directly so it’s not exported.

Value

The matrix of recursive SSR values.

`SSR.recursive` *Calculate SSR recursively*

Description

Calculate SSR recursively

Usage

```
SSR.recursive(y, x, beg, end, width = 2)
```

Arguments

`y`	(Tx1)-vector of the dependent variable.
`x`	(Txk)-vector of the explanatory stochastic regressors.
`beg, end`	The start and the end of SSR calculating period.
`width`	Minimum spacing between the breaks.

Details

The function is not intended to be used directly so it’s not exported.

Value

The vector of calculated recursive SSR.

References

Brown, R. L., J. Durbin, and J. M. Evans. “Techniques for Testing the Constancy of Regression Relationships over Time.” Journal of the Royal Statistical Society. Series B (Methodological) 37, no. 2 (1975): 149–92.

STADF.test *Supremum ADF tests with time transformation*

Description

See SADF.test. Tests with time transformation are the modified versions of the ordinary SADF and GSADF tests using Nadaraya-Watson residuals and reindexing procedure by Cavaliere-Taylor (2008).

Usage

```
STADF.test(
  y,
  trim = 0.01 + 1.8/sqrt(length(y)),
  const = FALSE,
  omega.est = TRUE,
  truncated = TRUE,
  is.reindex = TRUE,
  ksi.input = "auto",
  hc = 1,
  pc = 1,
  add.p.value = TRUE
)

GSTADF.test(
  y,
  trim = 0.01 + 1.8/sqrt(length(y)),
  const = FALSE,
  omega.est = TRUE,
  truncated = TRUE,
  is.reindex = TRUE,
  ksi.input = "auto",
  hc = 1,
  pc = 1,
  add.p.value = TRUE
)
```

Arguments

`y` An input time series of interest.

`trim` Trimming parameter to determine the lower and upper bounds.

`const` Whether the constant needs to be included.

`omega.est` Whether the variance of Nadaraya-Watson residuals should be used.

`truncated` Whether the truncation of Nadaraya-Watson residuals is needed.

`is.reindex` Whether the Cavaliere and Taylor (2008) time transformation is needed.

`ksi.input` The value of the truncation parameter. Can be either `auto` or the explicit numerical value. In the former case the numeric value is estimated.

`hc` The scaling parameter for Nadaraya-Watson bandwidth.

`pc` The scaling parameter for the estimated truncation parameter value.

`add.p.value` Whether the p-value is to be returned. This argument is needed to suppress the calculation of p-values during the precalculation of tables needed for the p-values estimating.

Value

An object of type `sadf`. It's a list of:

- `y`,
- `N`: Number of observations,
- `trim`,
- `const`,
- `omega.est`,
- `truncated`,
- `is.reindex`,
- `new.index`: the vector of new indices,
- `ksi.input`,
- `hc`,
- `h.est`,
- `u.hat`,
- `pc`,
- `w.sq`,
- `t.values`: vector of t-values,
- the value of the corresponding test statistic,
- `u.hat.truncated`: truncated residuals if truncation was asked for,
- `ksi`, `sigma`: estimated values of the truncation parameter and resulting s.e. if `ksi.input` equals `auto`,
- `eta.hat`: the values of reindexing function if reindexing was asked for,
- p-value if it was asked for.

References

Cavaliere, Giuseppe, and A. M. Robert Taylor. "Time-Transformed Unit Root Tests for Models with Non-Stationary Volatility." Journal of Time Series Analysis 29, no. 2 (March 2008): 300–330. https://doi.org/10.1111/j.1467-9892.2007.00557.x.

Kurozumi, Eiji, Anton Skrobotov, and Alexey Tsarev. "Time-Transformed Test for Bubbles under Non-Stationary Volatility." Journal of Financial Econometrics, April 23, 2022. https://doi.org/10.1093/jjfinec/nbac004.

`supBZ.statistic` *Calculate supBZ statistic*

Description

Calculate supBZ statistic

Usage

```
supBZ.statistic(
  y,
  trim = 0.01 + 1.8/sqrt(length(y)),
  sigma.sq = NULL,
  generalized = FALSE
)
```

Arguments

`y`	The series of interest.
`trim`	Trimming parameter to determine the lower and upper bounds.
`sigma.sq`	Local non-parametric estimates of variance. If `NULL` they will be estimated via Nadaraya-Watson procedure.
`generalized`	Whether to calculate generalized statistic value.

Details

The function is not intended to be used directly so it's not exported.

Value

A list of:

- `y`,
- `trim`,
- `sigma.sq`,
- `BZ.values`: a series of BZ-statistic,
- `supBZ.value`: the maximum of `supBZ.values`,
- `h.est`: the estimated value of bandwidth if `sigma.sq` is `NULL`.

References

Harvey, David I., Stephen J. Leybourne, and Yang Zu. "Testing Explosive Bubbles with Time-Varying Volatility." Econometric Reviews 38, no. 10 (November 26, 2019): 1131–51. https://doi.org/10.1080/07474938.2

`supSBADF.statistic` *Calculate superior sign-based SADF statistic.*

Description

Calculate superior sign-based SADF statistic.

Usage

```
supSBADF.statistic(y, trim = 0.01 + 1.8/sqrt(length(y)), generalized = FALSE)
```

Arguments

`y`	The series of interest.
`trim`	Trimming parameter to determine the lower and upper bounds.
`generalized`	Whether to calculate generalized statistic value.

Details

The function is not intended to be used directly so it's not exported.

Value

A list of

- `y`,
- `trim`,
- `C.t`: the cumulative sum of "signs" (1 or -1) of the first difference of `y`,
- `SBADF.values`: series of sign-based ADF statistics,
- `supSBADF.value`: the maximum of `SBADF.values`.

References

Harvey, David I., Stephen J. Leybourne, and Yang Zu. “Sign-Based Unit Root Tests for Explosive Financial Bubbles in the Presence of Deterministically Time-Varying Volatility.” Econometric Theory 36, no. 1 (February 2020): 122–69. https://doi.org/10.1017/S0266466619000057.

weighted.SADF.test *Weighted supremum ADF test*

Description

Weighted supremum ADF test

Usage

```
weighted.SADF.test(
  y,
  trim = 0.01 + 1.8/sqrt(length(y)),
  const = TRUE,
  alpha = 0.05,
  iter = 4 * 200,
  urs = TRUE,
  seed = round(10^4 * sd(y))
)

weighted.GSADF.test(
  y,
  trim = 0.01 + 1.8/sqrt(length(y)),
  const = TRUE,
  alpha = 0.05,
  iter = 4 * 200,
  urs = TRUE,
  seed = round(10^4 * sd(y))
)
```

Arguments

`y`	The input time series of interest.
`trim`	Trimming parameter to determine the lower and upper bounds.
`const`	Whether the constant needs to be included.
`alpha`	The significance level of interest.
`iter`	The number of iterations.
`urs`	Use union of rejections strategy.
`seed`	The seed parameter for the random number generator.

Value

An object of type `sadf`. It's a list of:

- `y`,
- `trim`,
- `const`,
- `alpha`,
- `iter`,

- `urs`,
- `seed`,
- `sigma.sq`: the estimated variance,
- `BZ.values`: a series of BZ-statistic,
- `supBZ.value`: the maximum of `supBZ.values`,
- `supBZ.bootstsrap.values`: bootstrapped supremum BZ values,
- `supBZ.cr.value`: supremum BZ α critical value,
- `p.value`,
- `is.explosive`: 1 if `supBZ.value` is greater than `supBZ.cr.value`.

if `urs` is `TRUE` the following items are also included:

- vector of t-values,
- the value of the SADF test statistic,
- `SADF.bootstrap.values`: bootstrapped SADF values,
- `U.value`: union test statistic value,
- `U.bootstrap.values`: bootstrapped series of `U.value`,
- `U.cr.value`: critical value of `U.value`.

References

Harvey, David I., Stephen J. Leybourne, and Yang Zu. “Testing Explosive Bubbles with Time-Varying Volatility.” Econometric Reviews 38, no. 10 (November 26, 2019): 1131–51. https://doi.org/10.1080/07474938.2

Kurozumi, Eiji, Anton Skrobotov, and Alexey Tsarev. “Time-Transformed Test for Bubbles under Non-Stationary Volatility.” Journal of Financial Econometrics, April 23, 2022. https://doi.org/10.1093/jjfinec/nbac004.

Index