

JDemetra+ online documentation

Stace documentation group

12/01/2022

Table of contents

Preface	5
1 JDemetra+ Software	6
1.1 Structure of this book	6
1.1.1 Available algorithms	6
1.1.2 Tools to access this algorithms	6
1.1.3 Underlying Statistical Methods	6
1.2 Audience	6
1.3 How Jdemetra+ came to be	6
2 Quick start with...	7
2.1 Seasonal Adjustment	7
2.2 Seasonal Adjustment of High-Frequency Data	7
2.3 Use of JD+ algorithms in R	7
2.4 Use of JD+ graphical interface	7
3 Main functions overview	8
3.1 Seasonal adjustment algorithms	8
3.1.1 Data frequencies	8
3.1.2 X-13	8
3.1.3 Tramo-Seats	9
3.1.4 STL	9
3.1.5 Basic Structural Models	9
3.2 Trend-cycle estimation	9
3.3 Nowacsting	9
3.4 Temporal Disaggregation	9
4 Outlier detection	10
4.1 Motivation	10
4.2 With Reg Arima models	10
4.2.1 Part of preadjustment	10
4.2.2 Specific TERROR tool	10
4.3 With structural models	10

5	Seasonal adjustment of high frequency data	11
5.1	Motivation	11
5.1.1	Ubiquitous use	11
5.1.2	Data specificities	11
5.2	Tools	11
5.3	Unobserved Components	12
5.4	Seasonality tests	12
5.4.1	Spectral analysis	12
5.5	Pre-adjustment	12
5.5.1	Calendar correction	12
5.5.2	Outliers and intervention variables	12
5.5.3	Linearization	12
5.6	Decomposition	12
5.6.1	Extended X-11	12
5.6.2	STL decomposition	12
5.6.3	Arima Model Based (AMB) Decomposition	12
5.6.4	State Space framework	12
5.7	Quality assessment	12
5.7.1	Residual seasonality	12
5.7.2	Residual Calendar effects	12
5.7.3	Arima Model	12
5.8	Forecasting	12
6	Benchmarking and temporal disaggregation	13
6.1	Benchmarking overview	13
6.2	Underlying Theory	14
6.3	Tools	16
6.4	References	16
7	Trend-cycle estimation	17
7.1	Motivation	17
7.2	Underlying Theory	17
7.3	Tools	17
7.3.1	rjdfilters package	17
8	Nowcasting	18
8.1	Motivation	18
8.2	Underlying Theory	18
8.3	Tools	18
9	Graphical User Interface	19
9.1	Overview	19

10 R packages	20
10.1 Available algorithms	20
10.2 Organisation overview	20
10.3 Installation procedure	20
10.4 Interaction with GUI	20
10.5 Full list	20
10.5.1 rjd3modelling	20
11 Plug-ins for JDemetra+	21
11.1 Main functions	21
12 Production	22
12.0.1 Revision Policies	22
13 Tool selection issues	23
14 Spectral Analysis Principles and Tools	24
14.1 Overview	24
15 Reg-Arima models	25
15.1 Overview	25
15.2 RegARIMA model	25
16 Moving average based decomposition	27
17 Local regression decomposition	28
18 Arima Model Based AMB decomposition	29
19 Moving average based decomposition	30
19.1 SEATS	30
20 State Space Framework	31
References	32

Preface

Welcome to the JDemetra+ online documentation.

JDemetra+ is a software developed in Eurostat's Centre of Excellence on Statistical Methods and Tools.

To learn more about visit. <https://ec.europa.eu/eurostat/cros/content/centre-excellence-statistical-methods-and-tools>.

1 JDemetra+ Software

1.1 Structure of this book

1.1.1 Available algorithms

1.1.2 Tools to access this algorithms

1.1.3 Underlying Statistical Methods

1.2 Audience

1.3 How Jdemetra+ came to be

history of the project .

2 Quick start with...

objective: describe key steps + provide useful links to relevant code

2.1 Seasonal Adjustment

2.2 Seasonal Adjustment of High-Frequency Data

2.3 Use of JD+ algorithms in R

2.4 Use of JD+ graphical interface

3 Main functions overview

link to key references * 2 handbooks * sets of guidelines

Objective: present JDemetra+ capabilities by category

3.1 Seasonal adjustment algorithms

below: pieces of old pages to edit and update

3.1.1 Data frequencies

The seasonal adjustment methods available in JDemetra+ aim to decompose a time series into components and remove seasonal fluctuations from the observed time series. The X-11 method considers monthly and quarterly series while SEATS is able to decompose series with 2, 3, 4, 6 and 12 observations per year.

3.1.2 X-13

X-13ARIMA is a seasonal adjustment program developed and supported by the U.S. Census Bureau. It is based on the U.S. Census Bureau's earlier X-11 program, the X-11-ARIMA program developed at Statistics Canada, the X-12-ARIMA program developed by the U.S. Census Bureau, and the SEATS program developed at the Banco de España. The program is now used by the U.S. Census Bureau for a seasonal adjustment of time series.

3.1.3 Tramo-Seats

3.1.4 STL

3.1.5 Basic Structural Models

3.2 Trend-cycle estimation

3.3 Nowcasting

3.4 Temporal Disaggregation

4 Outlier detection

in or outside a seasonal adjustment process

4.1 Motivation

4.2 With Reg Arima models

4.2.1 Part of preadjustment

4.2.2 Specific TERROR tool

4.3 With structural models

5 Seasonal adjustment of high frequency data

5.1 Motivation

5.1.1 Ubiquitous use

5.1.2 Data specificities

5.2 Tools

code here and/or link to R packages chapter

5.3 Unobserved Components

5.4 Seasonality tests

5.4.1 Spectral analysis

5.5 Pre-adjustment

5.5.1 Calendar correction

5.5.2 Outliers and intervention variables

5.5.3 Linearization

5.6 Decomposition

5.6.1 Extended X-11

5.6.2 STL decomposition

5.6.3 Arima Model Based (AMB) Decomposition

5.6.4 State Space framework

5.7 Quality assessment

5.7.1 Residual seasonality

5.7.2 Residual Calendar effects

5.7.3 Arima Model

5.8 Forecasting

6 Benchmarking and temporal disaggregation

6.1 Benchmarking overview

Often one has two (or multiple) datasets of different frequency for the same target variable. Sometimes, however, these datasets are not coherent in the sense that they don't match up. Benchmarking^[1] is a method to deal with this situation. An aggregate of a higher-frequency measurement variables is not necessarily equal to the corresponding lower-frequency less-aggregated measurement. Moreover, the sources of data may have different reliability levels. Usually, less frequent data are considered more trustworthy as they are based on larger samples and compiled more precisely. The more reliable measurements, hence often the less frequent, will serve as benchmark.

In seasonal adjustment methods benchmarking is the procedure that ensures the consistency over the year between adjusted and non-seasonally adjusted data. It should be noted that the [ESS Guidelines on Seasonal Adjustment (2015)] (<https://ec.europa.eu/eurostat/documents/3859598/6830795/KGQ-15-001-EN-N.pdf/d8f1e5f5-251b-4a69-93e3-079031b74bd3>), do not recommend benchmarking as it introduces a bias in the seasonally adjusted data. The U.S. Census Bureau also points out that *“forcing the seasonal adjustment totals to be the same as the original series annual totals can degrade the quality of the seasonal adjustment, especially when the seasonal pattern is undergoing change. It is not natural if trading day adjustment is performed because the aggregate trading day effect over a year is variable and moderately different from zero”*^[2]. Nevertheless, some users may need that the annual totals of the seasonally adjusted series match the annual totals of the original, non-seasonally adjusted series^[3].

According to the [ESS Guidelines on Seasonal Adjustment (2015)] (<https://ec.europa.eu/eurostat/documents/3859598/6830795/KGQ-15-001-EN-N.pdf/d8f1e5f5-251b-4a69-93e3-079031b74bd3>), the only benefit of this approach is that there is consistency over the year between adjusted and the non-seasonally adjusted data; this can be of particular interest when low-frequency (e.g. annual) benchmarking figures officially exist (e.g. National Accounts, Balance of Payments, External Trade, etc.) and where users' needs for time consistency are stronger.

6.2 Underlying Theory

Benchmarking¹ is a procedure widely used when for the same target variable the two or more sources of data with different frequency are available. Generally, the two sources of data rarely agree, as an aggregate of higher-frequency measurements is not necessarily equal to the less-aggregated measurement. Moreover, the sources of data may have different reliability. Usually it is thought that less frequent data are more trustworthy as they are based on larger samples and compiled more precisely. The more reliable measurement is considered as a benchmark.

Benchmarking also occurs in the context of seasonal adjustment. Seasonal adjustment causes discrepancies between the annual totals of the seasonally unadjusted (raw) and the corresponding annual totals of the seasonally adjusted series. Therefore, seasonally adjusted series are benchmarked to the annual totals of the raw time series². Therefore, in such a case benchmarking means the procedure that ensures the consistency over the year between adjusted and non-seasonally adjusted data. It should be noted that the ‘*ESS Guidelines on Seasonal Adjustment*’ (2015) do not recommend benchmarking as it introduces a bias in the seasonally adjusted data. Also the U.S. Census Bureau points out that: *Forcing the seasonal adjustment totals to be the same as the original series annual totals can degrade the quality of the seasonal adjustment, especially when the seasonal pattern is undergoing change. It is not natural if trading day adjustment is performed because the aggregate trading day effect over a year is variable and moderately different from zero.*³ Nevertheless, some users may prefer the annual totals for the seasonally adjusted series to match the annual totals for the original, non-seasonally adjusted series⁴. According to the ‘*ESS Guidelines on Seasonal Adjustment*’ (2015), the only benefit of this approach is that there is consistency over the year between adjusted and non-seasonally adjusted data; this can be of particular interest when low-frequency (e.g. annual) benchmarking figures officially exist (e.g. National Accounts, Balance of Payments, External Trade, etc.) where user needs for time consistency are stronger.

The benchmarking procedure in JDemetra+ is available for a single seasonally adjusted series and for an indirect seasonal adjustment of an aggregated series. In the first case, univariate benchmarking ensures consistency between the raw and seasonally adjusted series. In the second case, the multivariate benchmarking aims for consistency between the seasonally adjusted aggregate and its seasonally adjusted components.

Given a set of initial time series

$$\{z_{i,t}\}_{i \in I}$$

, the aim of the benchmarking procedure is to find the corresponding

¹Description of the idea of benchmarking is based on DAGUM, B.E., and CHOLETTE, P.A. (1994) and QUENNEVILLE, B. et al (2003). Detailed information can be found in: DAGUM, B.E., and CHOLETTE, P.A. (2006).

²DAGUM, B.E., and CHOLETTE, P.A. (2006).

³‘*X-12-ARIMA Reference Manual*’ (2011).

⁴HOOD, C.C.H. (2005).

$$\{x_{i,t}\}_{i \in I}$$

that respect temporal aggregation constraints, represented by

$$X_{i,T} = \sum_{t \in T} x_{i,t}$$

and contemporaneous constraints given by

$$q_{k,t} = \sum_{j \in J_k} w_{kj} x_{j,t}$$

or, in matrix

form:

$$q_{k,t} = w_k x_t$$

.

The underlying benchmarking method implemented in JDemetra+ is an extension of Cholette's⁵ method, which generalises, amongst others, the additive and the multiplicative Denton procedure as well as simple proportional benchmarking.

The JDemetra+ solution uses the following routines that are described in DURBIN, J., and KOOPMAN, S.J. (2001):

- The multivariate model is handled through its univariate transformation,
- The smoothed states are computed by means of the disturbance smoother.

The performance of the resulting algorithm is highly dependent on the number of variables involved in the model ($\propto n^3$). The other components of the problem (number of constraints, frequency of the series, and length of the series) are much less important ($\propto n$).

From a theoretical point of view, it should be noted that this approach may handle any set of linear restrictions (equalities), endogenous (between variables) or exogenous (related to external values), provided that they don't contain incompatible equations. The restrictions can also be relaxed for any period by considering their "observation" as missing. However, in practice, it appears that several kinds of contemporaneous constraints yield unstable results. This is more especially true for constraints that contain differences (which is the case for non-binding constraints). The use of a special square root initialiser improves in a significant way the stability of the algorithm.

⁵CHOLETTE, P.A. (1979).

6.3 Tools

6.4 References

7 Trend-cycle estimation

7.1 Motivation

7.2 Underlying Theory

7.3 Tools

7.3.1 rjdfilters package

8 Nowcasting

8.1 Motivation

8.2 Underlying Theory

8.3 Tools

9 Graphical User Interface

9.1 Overview

why use the graphical user interface ? what is not directly available in R yet?

objective: describe the general features (independent of algorithms) - general layout - import data - documents - workspaces - specifications - output

old content can be recycled but - very heavy (trim from md or txt files) - check version 3 - see if we stick with pasted screen shots

10 R packages

10.1 Available algorithms

table

10.2 Organisation overview

a suite (order)

general output organisation

10.3 Installation procedure

10.4 Interaction with GUI

10.5 Full list

10.5.1 rjd3modelling

main functions: table

11 Plug-ins for JDemetra+

11.1 Main functions

table

12 Production

12.0.1 Revision Policies

obj here: general explanations + examples ? here : explain voc discrepancies vs guidelines
bbk controlled current link to plug in illustration links on covid

JDemetra+ offers several options for refreshing the output, which are in line with the ESS Guidelines on Seasonal Adjustment (2015) ([link](#)) requirements.

reprduce table cf. my pdf (xls) doc remark: rjwsa cruncher vignette is not up to date

13 Tool selection issues

might be integrated to another chapter

objective : select wisely between GUI(+ cruncher and plug ins) and R packages

14 Spectral Analysis Principles and Tools

add : R code, rjd3toolkit references

14.1 Overview

a lot of information might be recycled from the old online documentation cf file

17-Meth-Spectral_Analysis.Rmd

where info from the old pages is gathered formulas and tables compatibility with quarto have to be checked before pasting in the book

15 Reg-Arima models

15.1 Overview

lot of information might be recycled from the old online documentation cf file 18-Meth-Reg-Arima-Modelling.Rmd where info from the old pages is gathered formulas and tables compatibility with quarto have to be checked before pasting in the book

In the chapter on SA, in the pre-adjustment section, we tackle: purpose, principles and results of reg-arima models (tramo or reg-arima)

Objectives of the chapter: * all the technical non SA specific details * differences (none left ?) between Tramo and Reg-Arima (X13)

15.2 RegARIMA model

The primary aim of seasonal adjustment is to remove the unobservable seasonal component from the observed series. The decomposition routines implemented in the seasonal adjustment methods make specific assumptions concerning the input series. One of the crucial assumptions is that the input series is stochastic, i.e. it is clean of deterministic effects. Another important limitation derives from the symmetric linear filter used in TRAMO-SEATS and X-13ARIMA-SEATS. A symmetric linear filter cannot be applied to the first and last observations with the same set of weights as for the central observations^[1]. Therefore, for the most recent observations these filters provide estimates that are subject to revisions.

To overcome these constraints both seasonal adjustment methods discussed here include a modelling step that aims to analyse the time series development and provide a better input for decomposition purposes. The tool that is frequently used for this purpose is the ARIMA model, as discussed by BOX, G.E.P., and JENKINS, G.M. (1970). However, time series are often affected by the outliers, other deterministic effects and missing observations. The presence of these effects is not in line with the ARIMA model assumptions. The presence of outliers and other deterministic effects impede the identification of an optimal ARIMA model due to the important bias in the estimation of parameters of [sample autocorrelation functions](#) (both global and partial)^[3]. Therefore, the original series need to be corrected for any deterministic effects and missing observations. This process is called linearisation and results in the stochastic series that can be modelled by ARIMA.

For this purpose both TRAMO and RegARIMA use regression models with ARIMA errors. With these models TRAMO and RegARIMA also produce forecasts.

16 Moving average based decomposition

goal of the chapter : details on X-11 which are not in the SA chapter

a lot of information might be recycled from the old online documentation cf file 19-Meth-Local-decomposition.Rmd where info from the old pages is gathered formulas and tables compatibility with quarto have to be checked before pasting in the book

links to rjdfilters

17 Local regression decomposition

goal of the chapter : details on STL which are not in the SA chapter

18 Arima Model Based AMB decomposition

19 Moving average based decomposition

goal of the chapter : details on SEATS which are not in the SA chapter

a lot of information might be recycled from the old online documentation cf file 20-Meth-AMB-decomposition.Rmd where info from the old pages is gathered formulas and tables compatibility with quarto have to be checked before pasting in the book

19.1 SEATS

20 State Space Framework

References