

JDemetra+ online documentation

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Preface

This is a Quarto book.

To learn more about Quarto books visit <https://quarto.org/docs/books>.

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

References