Autoregressive model of order p (AR(p))

Parametrization

The autoregressive model of order p (AR1(p)) for the Gaussian vector $\mathbf{x} = (x_1, \dots, x_n)$ is defined as (in obvious notation)

$$x_t = \phi_1 x_{t-1} + \phi_2 x_{t-2} + \dots + \phi_p x_{t-p} + \epsilon_t$$

for t = p, ..., n, and where the innovation process $\{\epsilon_t\}$ has fixed precision.

The AR(p) process has an awkward parameterisation, as there are severe non-linear constraints on the ϕ -parameters for it to define a stationary model. Therefore we re-parameterized using the partial autocorrelation autocorrelation function, $\{\psi_k, k=1,\ldots,p\}$, where $|\psi_k|<1$ for all k and its marginal (NOT conditional) precision τ . Furthermore, the joint distribution for $\{x_t, t=1,\ldots,p\}$, is set to the stationary distribution for the process, hence there are no boundary issues.

Hyperparameters

The marginal precision parameter τ is represented as

$$\theta_1 = \log(\tau)$$

and the prior for the marginal precision is defined on θ_1 . The partial autocorrelation function $\{\psi_k\}$ is represented

$$\psi_k = 2 \frac{\exp(\theta_{k+1})}{1 + \exp(\theta_{k+1})} - 1$$

for k = 1, ..., p. The prior for $\{\theta_{k+1}, k = 1, ..., p\}$ is defined to be multivariate normal with mean μ and precision matrix Q.

Specification

The AR(p) model is specified inside the f() function as

```
f(<whatever>, model="ar", order=, hyper = <hyper>)
```

The option order (>0) is required. The multivariate normal prior for $\{\theta_{k+1}, k=1,\ldots,p\}$, is specified as the parameters to the prior for θ_2 (the first pacf-parameter), and the parameters to the multivariate normal prior (mvnorm), is $c(\mu, Q)$; see the example below.

Hyperparameter spesification and default values

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hyper

theta1

hyperid 15001 name log precision short.name prec initial 4 fixed FALSE prior pc.prec

¹See for example https://en.wikipedia.org/wiki/Partial_autocorrelation_function. For p=1, then $\psi_1=\phi_1$, and for p=2, then $\psi_1=\phi_1/(1-\phi_2)$ and $\psi_2=\phi_2$.

```
param 3 0.01
    to.theta function(x) log(x)
    from.theta function(x) exp(x)
theta2
    hyperid 15002
    name pacf1
    short.name pacf1
    initial 1
    fixed FALSE
    prior pc.cor0
    param 0.5 0.5
    to.theta function(x) log((1+x)/(1-x))
    from.theta function(x) 2*exp(x)/(1+exp(x))-1
theta3
    hyperid 15003
    name pacf2
    short.name pacf2
    initial 0
    fixed FALSE
    prior pc.cor0
    param 0.5 0.4
    to.theta function(x) log((1+x)/(1-x))
    from.theta function(x) 2*exp(x)/(1+exp(x))-1
theta4
    hyperid 15004
    name pacf3
    short.name pacf3
    initial 0
    fixed FALSE
    prior pc.cor0
    param 0.5 0.3
    to.theta function(x) log((1+x)/(1-x))
    from.theta function(x) 2*exp(x)/(1+exp(x))-1
theta5
    hyperid 15005
    name pacf4
    short.name pacf4
    initial 0
    fixed FALSE
    prior pc.cor0
    param 0.5 0.2
    to.theta function(x) log((1+x)/(1-x))
    from.theta function(x) 2*exp(x)/(1+exp(x))-1
theta6
```

```
hyperid 15006
    name pacf5
    short.name pacf5
    initial 0
    fixed FALSE
    prior pc.cor0
    param 0.5 0.1
    to.theta function(x) log((1+x)/(1-x))
    from.theta function(x) 2*exp(x)/(1+exp(x))-1
theta7
    hyperid 15007
    name pacf6
    short.name pacf6
    initial 0
    fixed FALSE
    prior pc.cor0
    param 0.5 0.1
    to.theta function(x) log((1+x)/(1-x))
    from.theta function(x) 2*exp(x)/(1+exp(x))-1
theta8
    hyperid 15008
    name pacf7
    short.name pacf7
    initial 0
    fixed FALSE
    prior pc.cor0
    param 0.5 0.1
    to.theta function(x) log((1+x)/(1-x))
    from.theta function(x) 2*exp(x)/(1+exp(x))-1
theta9
    hyperid 15009
    name pacf8
    short.name pacf8
    initial 0
    fixed FALSE
    prior pc.cor0
    param 0.5 0.1
    to.theta function(x) log((1+x)/(1-x))
    from.theta function(x) 2*exp(x)/(1+exp(x))-1
theta10
    hyperid 15010
    name pacf9
    short.name pacf9
    initial 0
```

```
fixed FALSE
         prior pc.cor0
         param 0.5 0.1
         to.theta function(x) log((1+x)/(1-x))
         from.theta function(x) 2*exp(x)/(1+exp(x))-1
     theta11
         hyperid 15011
         name pacf10
         short.name pacf10
         initial 0
         fixed FALSE
         prior pc.cor0
         param 0.5 0.1
         to.theta function(x) log((1+x)/(1-x))
         from.theta function(x) 2*exp(x)/(1+exp(x))-1
constr FALSE
nrow.ncol FALSE
augmented FALSE
\mathbf{aug.factor}\ 1
aug.constr
n.div.by
n.required FALSE
set.default.values FALSE
pdf ar
```

Example I

```
n = 100L
p = 2L
pacf = runif(p)
phi = inla.ar.pacf2phi(pacf)
y = c(scale(arima.sim(n, model = list(ar = phi)))) +
    rnorm(n, sd=1/100.0)
idx = 1L:n
param.prec = c(1, 0.01)
param.psi.mean = rep(0, p)
param.psi.prec = 0.15 * diag(p)
param.psi = c(param.psi.mean, param.psi.prec)
r = inla(y \sim -1 + f(
        idx, model='ar',
        order = p,
        hyper = list(
                ## marginal precision
                prec = list(param = param.prec),
                ## the parameters for the joint normal prior for the
                ## transformed pacf's, goes here.
                pacf1 = list(param = param.psi))),
        family = "gaussian",
        data = data.frame(y, idx))
## we will now estimate the posterior marginals of the phi-parameters using
## 'inla.hyperpar.sampler', which creates samples from the approximated joint distribution for
## the hyperparameters.
nsamples = 100000
pacfs = inla.hyperpar.sampler(nsamples, r)[, 3L:(3L+(p-1L))]
phis = apply(pacfs, 1L, inla.ar.pacf2phi)
for(i in 1:p) {
    inla.dev.new()
    plot(density(phis[i, ]), main = paste("phi", i, sep=""))
    abline(v = phi[i])
}
```

Example II

I this example we demonstrate how the parameters in the PC-prior for AR(p) can be set using the idea in S. H. Søerbye and H. Rue $(2016)^2$.

```
library(gsl)
inla.pc.ar.lambda = function(a = 0.5, b = 0.8, p = 4)
{
    inla.pc.ar.solve.lambda = function(pred.err.factors, nseq = 1000L) {
        ## pred.err.factor = E(1-rho^2)
        pred.err = function(lambda) {
            return(0.5 * lambda * sqrt(pi) * exp(lambda^2/4 + log_erfc(lambda/2)))
        }
        ## find lower and upper limit of lambda for the pred.err.factors given
        lambda.min = lambda.max = 1
        val.max = max(pred.err.factors)
        val.min = min(pred.err.factors)
        while(pred.err(lambda.min) > val.min) {
            lambda.min = lambda.min / 2.0
        }
        while(pred.err(lambda.max) < val.max) {</pre>
            lambda.max = lambda.max * 2.0
        }
        lambda = lambda.min * exp(seq(0, log(lambda.max/lambda.min), length = nseq))
        fun = splinefun(pred.err(lambda), lambda, method = "monoH.FC")
        lambdas = fun(pred.err.factors)
        return (lambdas)
   }
   pred.err.factors = 1.0 - (1.0-a)*b^(0:(p-1))
   lambda = inla.pc.ar.solve.lambda(pred.err.factors)
   return (lambda)
}
inla.pc.ar.test1 = function(p=1, p.est = p+1, n = 100)
   pacf = c(runif(p), rep(0, p.est-p))
   phi = inla.ar.pacf2phi(pacf)
   sd.x = sqrt(1/prod(1-pacf^2))
   x = arima.sim(n = n, model = list(ar = phi))/sd.x
   lambda = c(inla.pc.ar.lambda(p = p.est, b = 0.5), rep(1, 10))
    initial = c(inla.models()$latent$ar$hyper$theta2$to.theta(pacf), rep(0, 10))
   r = (inla(
        x ~ -1 +
```

²Penalised complexity priors for stationary autoregressive processes. arXiv preprint arXiv:1608.08941, UiT The Artic University of Norway, 2016

```
f(time, model = "ar", order = p.est,
              hyper = list(
                  prec = list(param = c(3, 0.01), initial = 0),
                  pacf1 = list(param = c(lambda[1], 0), initial = initial[1]),
                  pacf2 = list(param = c(lambda[2], 0), initial = initial[2]),
                  pacf3 = list(param = c(lambda[3], 0), initial = initial[3]),
                  pacf4 = list(param = c(lambda[4], 0), initial = initial[4]),
                  pacf5 = list(param = c(lambda[5], 0), initial = initial[5]),
                 pacf6 = list(param = c(lambda[6], 0), initial = initial[6]),
                  pacf7 = list(param = c(lambda[7], 0), initial = initial[7]),
                  pacf8 = list(param = c(lambda[8], 0), initial = initial[8]),
                  pacf9 = list(param = c(lambda[9], 0), initial = initial[9]),
                  pacf10 = list(param = c(lambda[10], 0), initial = initial[10]))),
        data = data.frame(x=x, time = 1:length(x)),
        control.family = list(hyper = list(prec = list(initial = 12,
                                                       fixed=TRUE)))))
   result = cbind(est = r$summary.hyperpar$mean[-1], true = pacf)
   inside = c()
   for(i in 1:p.est) {
        int = inla.hpdmarginal(0.95, r$marginals.hyperpar[[i+1]])
        inside[i] = (int[1] < pacf[i] && pacf[i] < int[2])</pre>
   result = cbind(result, coverage = inside)
   print(round(result, digits=3))
   result = (cbind(acf.est = inla.ar.pacf2acf(r$summary.hyperpar$mean[-1], lag.max = 10),
                    acf.emp = c(acf(x, lag.max=10, plot=FALSE)$acf),
                    acf.true = inla.ar.pacf2acf(pacf, lag.max=10)))
   print(round(result, digits=3))
   return (invisible())
}
```

Notes

- The functions inla.ar.pacf2phi and inla.ar.phi2pacf converts from the the ϕ -parameters to the ψ -parameters, using the Durbin-Levinson recursions. These can also be used to compute, the marginal posteriors of the ϕ -parameters from an approximation of the joint of the ϕ -parameters; see the example for a simulation based approach.
- Currently, the order p is limited to 10. If this creates a problem, let us know.
- If some of the ψ_k -parameters are fixed, and k < p, then the marginal (log-)likelihood is wrong; The joint normal prior for all the p ψ -parameters is used and not the conditional normal prior condition on the fixed ψ_k -parameters. If this creates a problem, let us know.
- The prior spesification for the multivariate normal is a bit awkward. Hopefully, we will come up with a better way to do this in the future.