

# Modeling and Analysis of Time Series Data

Chapter 17: A case study of financial volatility and a POMP model with observations driving latent dynamics

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# Outline

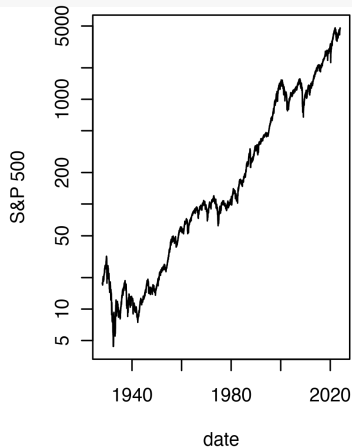
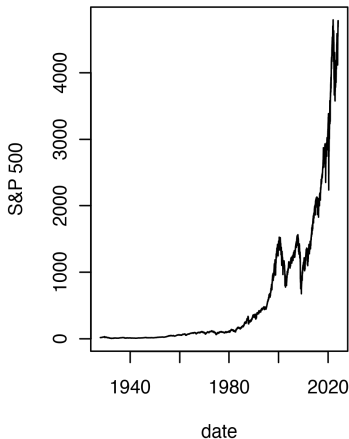
- 1 Time series models for financial volatility
  - The ARCH and GARCH models
  - Stochastic volatility models
- 2 Volatility leverage
- 3 Dynamics depending on past observations
- 4 Fitting the POMP model to data
  - Likelihood maximization
  - Benchmark non-mechanistic models
- 5 Appendix: Deriving an SMC algorithm for zero measurement error

# Introduction

- Returns on investments in stock market indices or large companies are often found to be approximately uncorrelated.
- If investment returns are substantially correlated, investors can study their time series behavior and make money.
- If the investment is non-liquid (i.e., not reliably tradeable), or expensive to trade, then it might be hard to make money even if you can statistically predict a positive expected return.
- Otherwise, the market may notice a favorable investment opportunity. More buyers will lead to higher prices, and the opportunity will disappear.
- Consequently, most readily traded investments (e.g., stock market indices, or stock of large companies) have close to uncorrelated returns.
- The variability of the returns (called the volatility) can fluctuate considerably. Understanding this volatility is important for quantifying and managing the risk of investments.

- Recall the daily S&P 500 data that we saw earlier, in Chapter 3.

```
dat <- read.table("sp500.csv", sep=",", header=TRUE)
plot(as.Date(dat$Date), dat$Close,
     xlab="date", ylab="S&P 500", type="l")
plot(as.Date(dat$Date), dat$Close, log="y",
     xlab="date", ylab="S&P 500", type="l")
```



# Returns, absolute returns, and autocorrelation

- We write  $\{z_n, n = 1, \dots, N\}$  for the S&P 500 index value.
- We write the return, i.e., the difference of the log of the index, as

$$y_n^* = \log(z_n) - \log(z_{n-1}).$$

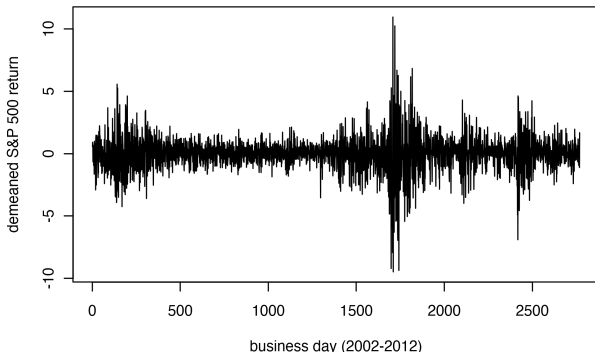
\* We saw in Chapter 3 that  $y_{2:N}^*$  has negligible sample autocorrelation.

- However, the absolute deviations from average,

$$a_n^* = \left| y_n^* - \frac{1}{N-1} \sum_{k=2}^N y_k^* \right|$$

have considerable sample autocorrelation.

- We fit models to the demeaned daily returns for the S&P 500 index for 2002-2012, to compare with Bretó (2014).



**Question 17.1.** Is it appropriate to fit a stationary model to this series, or do we have evidence for violation of stationarity? Explain.

*Conditional heteroskedasticity can be compatible with stationarity. Unconditional heteroskedasticity cannot.*

# The ARCH model

- ARCH and GARCH models are widely used for financial time series modeling. We follow Cowpertwait and Metcalfe (2009) to introduce these models; see also Section 5.4 of (Shumway and Stoffer, 2017).
- An order  $p$  **autoregressive conditional heteroskedasticity** model, known as ARCH( $p$ ), has the form

$$Y_n = \epsilon_n \sqrt{V_n},$$

where  $\epsilon_{1:N}$  is white noise and

$$V_n = \alpha_0 + \sum_{j=1}^p \alpha_j Y_{n-j}^2.$$

- If  $\epsilon_{1:N}$  is Gaussian, then  $Y_{1:N}$  is called a Gaussian ARCH( $p$ ). Note, however, that a Gaussian ARCH model is not a Gaussian process, just a process driven by Gaussian noise.
- If  $Y_{1:N}$  is a Gaussian ARCH( $p$ ), then  $Y_{1:N}^2$  is AR( $p$ ), but not Gaussian AR( $p$ ).

# The GARCH model

- The **generalized ARCH** model, known as GARCH(p,q), has the form

$$Y_n = \epsilon_n \sqrt{V_n},$$

where

$$V_n = \alpha_0 + \sum_{j=1}^p \alpha_j Y_{n-j}^2 + \sum_{k=1}^q \beta_k V_{n-k}$$

and  $\epsilon_{1:N}$  is white noise.

- The GARCH(1.1) model is a popular choice (Carpenter and Metcalfe, 2009) which can be fitted using `garch()` in the `tseries` R package.



## Fitting a GARCH model

::: access a non-exported variable,

```
fit.garch <- tseries::garch(sp500.ret.demeaned,
  grad = "numerical" trace = FALSE)
L.garch <- tseries::logLik.garch(fit.garch)
```

- This 3-parameter model has a maximized log-likelihood of  $-4019.7$ .
- From `?garch` we learn this is actually a conditional log-likelihood given the first  $\max(p, q)$  values.
- Due to a bug, perhaps involving a conflict with another package, `logLik(fit.garch)` did not work, so the `logLik` method is called directly from the `tseries` package.

**Question 17.2.** It is usually inappropriate to present numerical results to five significant figures. Does that apply to the log likelihood reported here? Why?

$$\text{likelihood} : f_{y_{1:n}}(y_{1:n}^* ; \theta)$$

$$\text{cond. loglik.} : f_{Y_{\max(p,q)+1:n} | Y_{1:\max(p,q)}}( \cdot ; \theta)$$

- We are now in a position to employ the framework of likelihood-based inference for GARCH models. In particular, profile likelihood, likelihood ratio tests, and AIC are available.
- We can readily simulate from a fitted GARCH model, if we want to investigate properties of a fitted model that we don't know how to compute analytically.
- However, GARCH is a black-box model, in the sense that the parameters don't have clear interpretation. We can develop an appropriate GARCH( $p,q$ ) model, and that may be useful for forecasting, but it won't help us understand more about how financial markets work.
- We seek models that let us entertain different hypotheses about how volatility behaves.

# Stochastic volatility models

- Volatility can be modeled as a latent stochastic process, partially observed via the returns.
- A Markovian assumption for volatility leads to a POMP model.
- As usual for POMP modeling, additional dependence (on previous lags or other variables) can be included.
- These are called **stochastic volatility models**.
- The basic stochastic volatility model (Kastner, 2016) is

$$Y_n = \epsilon_n \exp\{X_n/2\} \quad (1)$$

$$X_n = \mu + \phi(X_{n-1} - \mu) + \sigma\eta_n \quad (2)$$

$$X_0 = \mu + \frac{\sigma}{\sqrt{1 - \phi^2}}\eta_0 \quad (3)$$

where  $\epsilon_n$  and  $\eta_n$  are iid normal[0, 1]. Here,  $X_n$  is the **log volatility**.

- We can use the flexibility of the POMP framework to see if we can do better.

# Volatility leverage

there are GARCH extensions to describe leverage.

- It is a fairly well established empirical observation that negative shocks to a stockmarket index are associated with a subsequent increase in volatility.
- This phenomenon is called **leverage**.
- Here, we formally define leverage,  $R_n$  on day  $n$  as the correlation between index return on day  $n - 1$  and the increase in the log volatility from day  $n - 1$  to day  $n$ .
- Models have been proposed which incorporate leverage into the dynamics (Bretó, 2014).
- We present a pomp implementation of Bretó (2014), which models  $R_n$  as a random walk on a transformed scale,

$$R_n = \frac{\exp\{2G_n\} - 1}{\exp\{2G_n\} + 1},$$

where  $\{G_n\}$  is the usual, Gaussian random walk.

# Time-varying parameters

- A special case of this model, with the Gaussian random walk having standard deviation zero, is a fixed leverage model.
- The POMP framework provides a general approach to time-varying parameters. Considering a parameter as a latent, unobserved random process that can progressively change its value over time (following a random walk, or some other stochastic process) leads to a POMP model.
- The resulting POMP model is usually non-Gaussian, even when the original model is Gaussian and the perturbations are Gaussian, unless the time-varying parameter enters the model additively.
- Many real-world systems are non-stationary and could be investigated using models with time-varying parameters.

- Following the notation and model representation in equation (4) of Bretó (2014), we propose a model,

here, the observation  $Y_n$  affects the latent state directly

$$Y_n = \exp\{H_n/2\} \epsilon_n, \quad (4)$$

$$H_n = \mu_h(1 - \phi) + \phi H_{n-1} + \beta_{n-1} R_n \exp\{-H_{n-1}/2\} + \omega_n, \quad (5)$$

$$G_n = G_{n-1} + \nu_n, \quad (6)$$

where  $\beta_n = Y_n \sigma_\eta \sqrt{1 - \phi^2}$ ,  $\{\epsilon_n\}$  is an iid  $N(0, 1)$  sequence,  $\{\nu_n\}$  is an iid  $N(0, \sigma_\nu^2)$  sequence, and  $\omega_n$  is  $N(0, \sigma_{\omega,n}^2)$  with

$$\sigma_{\omega,n}^2 = \sigma_\eta^2(1 - \phi^2)(1 - R_n^2).$$

- Here,  $H_n$  is the log volatility. The latent state is  $X_n = (G_n, H_n)$ , noting that  $R_n$  is a function of  $G_n$ .

# Building a POMP model

- A complication is that transition of the latent variables from  $(G_n, H_n)$  to  $(G_{n+1}, H_{n+1})$  depends on the observable variable  $Y_n$ .
- This situation appears to be a violation of the POMP model structure.
- It is not so uncommon. For example, the same thing happens in a dynamic system subject to a control measure which is a function of the observed data.
- We can write out an extended model to fit this situation into the POMP structure, to provide access to methodology for POMP models.

if  $X$  depends on  $Y$ , then add  $Y$  to the state, giving a

- Formally, a POMP representation has state variable  $X_n = (G_n, H_n, Y_n)$  and measurement variable  $Y_n$  being perfect observation of this component of  $X_n$ . *perfectly observed latent state.*
- When the latent state is continuous and there is no measurement error, the basic particle filter fails since all prediction particles are inconsistent with the data. We need a modification of sequential Monte Carlo (SMC).
- We write the filtered particle  $j$  at time  $n - 1$  as

$$X_{n-1,j}^F = (G_{n-1,j}^F, H_{n-1,j}^F, y_{n-1}^*).$$

- Now we can construct prediction particles at time  $n$ ,

$$(G_{n,j}^P, H_{n,j}^P) \sim f_{G_n, H_n | G_{n-1}, H_{n-1}, Y_{n-1}}(g_n | G_{n-1,j}^F, H_{n-1,j}^F, y_{n-1}^*)$$

with corresponding weight

$$w_{n,j} = f_{Y_n | G_n, H_n}(y_n^* | G_{n,j}^P, H_{n,j}^P).$$

- Resampling with probability proportional to these weights gives an SMC representation of the filtering distribution at time  $n$ .
- A derivation of this is given as an Appendix.

we use  $y_{n-1}^*$  as a covariate at time  $n$ .



- We can coerce the basic sequential Monte Carlo algorithm, implemented as `pfilter` in **pomp**, into carrying out this calculation by building two different **pomp** objects, one to do filtering and another to do simulation.
- For the implementation in **pomp**, we proceed to write Csnippet code for the two versions of `rprocess`.

```
sp500_statenames <- c("H", "G", "Y_state")
sp500_rp_names <- c("sigma_nu", "mu_h", "phi", "sigma_eta")
sp500_ivp_names <- c("G_0", "H_0")
sp500_paramnames <- c(sp500_rp_names, sp500_ivp_names)
```

```

rproc1 <- "
  double beta,omega,nu;
  omega = rnorm(0,sigma_eta * sqrt( 1- phi*phi ) *
    sqrt(1-tanh(G)*tanh(G)));
  nu = rnorm(0, sigma_nu);
  G += nu;
  beta = Y_state * sigma_eta * sqrt( 1- phi*phi );
  H = mu_h*(1 - phi) + phi*H + beta * tanh( G )
    * exp(-H/2) + omega;
"

rproc2.sim <- "
  Y_state = rnorm( 0,exp(H/2) );
"

rproc2.filt <- "
  Y_state = covaryt;
"
sp500_rproc.sim <- paste(rproc1,rproc2.sim)
sp500_rproc.filt <- paste(rproc1,rproc2.filt)

```

↙ in covariates

↘ in state variables

using R  
text  
manipulation  
to write a  
C program.

```
sp500_rinit <- "  
  G = G_0;  
  H = H_0;  
  Y_state = rnorm( 0,exp(H/2) );  
"
```

```
sp500_rmeasure <- "  
  y=Y_state;  
"
```

```
sp500_dmeasure <- "  
  lik=dnorm(y,0,exp(H/2),give_log);  
"
```

# Parameter transformations

- For optimization procedures such as iterated filtering, it is convenient to transform parameters to be defined on the whole real line.
- We therefore write transformation functions for  $\sigma_\eta$ ,  $\sigma_\nu$  and  $\phi$ ,

```
library(pomp)
sp500_partrans <- parameter_trans(
  log=c("sigma_eta","sigma_nu"),
  logit="phi"
)
```

- We can now build a pomp object suitable for filtering, and parameter estimation by iterated filtering or particle MCMC.
- Note that the data are also placed in a covariate slot.
- This is a device to allow the state process evolution to depend on the data. In a POMP model, the latent process evolution depends only on the current latent state. In **pomp**, the consequence of this structure is that `rprocess` doesn't have access to the observation process.
- However, a POMP model does allow for the possibility for the basic elements to depend on arbitrary covariates. In **pomp**, this means `rprocess` has access to a covariate slot.
- The code below gives an example of how to fill the covariate slot and how to use it in `rprocess`.

```

sp500.filt <- pomp(data=data.frame(
  y=sp500.ret.demeaned,time=1:length(sp500.ret.demeaned)),
  statenames=sp500_statenames,
  paramnames=sp500_paramnames,
  times="time",
  t0=0,
  covar=covariate_table(
    time=0:length(sp500.ret.demeaned),
    covaryt=c(0,sp500.ret.demeaned),
    times="time"),
  rmeasure=Csnippet(sp500_rmeasure),
  dmeasure=Csnippet(sp500_dmeasure),
  rprocess=discrete_time(step.fun=Csnippet(sp500_rproc.filt),
    delta.t=1),
  rinit=Csnippet(sp500_rinit),
  partrans=sp500_partrans
)

```

*covaryt is available  
in Csnippet.*

- Simulating from the model is convenient for developing and testing the code, as well as to investigate a fitted model:

```
params_test <- c(
  sigma_nu = exp(-4.5),
  mu_h = -0.25,
  phi = expit(4),
  sigma_eta = exp(-0.07),
  G_0 = 0,
  H_0=0
)

sim1.sim <- pomp(sp500.filt,
  statenames=sp500_statenames,
  paramnames=sp500_paramnames,
  rprocess=discrete_time(
    step.fun=Csnippet(sp500_rproc.sim),delta.t=1)
)

sim1.sim <- simulate(sim1.sim,seed=1,params=params_test)
```

- Now. to build the filtering object from `sim1.sim`, we need to copy the new simulated data into the covariate slot, and put back the appropriate version of `rprocess`.

```
sim1.filt <- pomp(sim1.sim,
  covar=covariate_table(
    time=c(timezero(sim1.sim),time(sim1.sim)),
    covaryt=c(obs(sim1.sim),NA),
    times="time"),
  statenames=sp500_statenames,
  paramnames=sp500_paramnames,
  rprocess=discrete_time(
    step.fun=Csnippet(sp500_rproc.filt),delta.t=1)
)
```



## Filtering on simulated data

- We check that we can indeed filter and re-estimate parameters successfully for this simulated data.
- As previously discussed, we set up code to switch between different levels of computational intensity:

```
run_level <- 3
sp500_Np <- switch(run_level, 50, 1e3, 2e3)
sp500_Nmif <- switch(run_level, 5, 100, 200)
sp500_Nreps_eval <- switch(run_level, 4, 10, 20)
sp500_Nreps_local <- switch(run_level, 5, 20, 20)
sp500_Nreps_global <- switch(run_level, 5, 20, 100)
```

- We carry out replications in parallel, using all available cores on either a laptop or a single node of a SLURM cluster.

```
library(doParallel)
cores <- as.numeric(Sys.getenv('SLURM_NTASKS_PER_NODE',unset=NA))
if(is.na(cores)) cores <- detectCores()
registerDoParallel(cores)
library(doRNG)
registerDoRNG(34118892)
```

*This is an alternative to doFuture.*

*This works well on Mac & single node greatlakes.*

```
stew(file=paste0("pf1_",run_level, ".rda"),{
  t.pf1 <- system.time(
    pf1 <- foreach(i=1:sp500_Nreps_eval,
      .packages='pomp') %dopar% pfilter(sim1.filt,Np=sp500_Np))
  })
(L.pf1 <- logmeanexp(sapply(pf1,logLik),se=TRUE))
```

est	se
-3663.813664	1.994529

- In 2.1 seconds, we obtain a log likelihood estimate of -3663.81 with a Monte Carlo standard error of 1.99.
- Notice that the replications are averaged using the `logmeanexp` function, since the likelihood estimate is unbiased on the natural scale but not the log scale.
- We could test the numerical performance of an iterated filtering likelihood maximization algorithm on simulated data.
- We could also study the statistical performance of maximum likelihood estimators and profile likelihood confidence intervals on simulated data.
- However, here we are going to cut to the chase and start fitting models to data.

# Fitting the stochastic leverage model to S&P500 data

- We are now ready to try out iterated filtering on the S&P500 data. We will use the IF2 algorithm of Ionides *et al.* (2015), implemented by `mif2`.

```
sp500_rw.sd_rp <- 0.02
sp500_rw.sd_ivp <- 0.1
sp500_cooling.fraction.50 <- 0.5
sp500_rw.sd <- rw_sd(
  sigma_nu = sp500_rw.sd_rp,
  mu_h     = sp500_rw.sd_rp,
  phi      = sp500_rw.sd_rp,
  sigma_eta = sp500_rw.sd_rp,
  G_0      = ivp(sp500_rw.sd_ivp),
  H_0      = ivp(sp500_rw.sd_ivp)
)
```

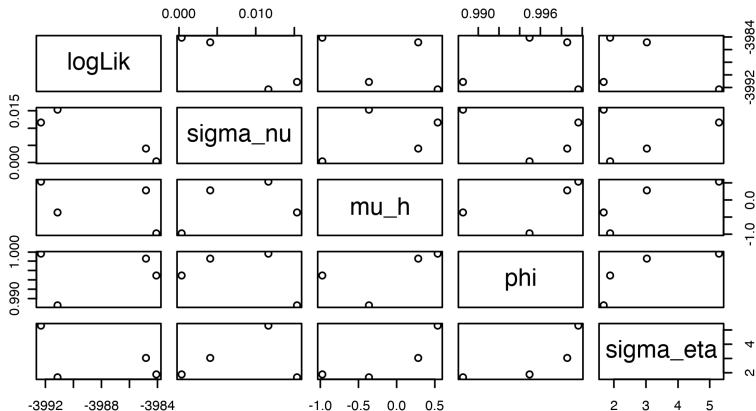
```

stew(file=paste0("mif1_",run_level,".rda"),{
  t.if1 <- system.time({
    if1 <- foreach(i=1:sp500_Nreps_local,
      .packages='pomp', .combine=c) %dopar% mif2(sp500.filt,
        params=params_test,
        Np=sp500_Np,
        Nmif=sp500_Nmif,
        cooling.fraction.50=sp500_cooling.fraction.50,
        rw.sd = sp500_rw.sd)
    L.if1 <- foreach(i=1:sp500_Nreps_local,
      .packages='pomp', .combine=rbind) %dopar% logmeanexp(
        replicate(sp500_Nreps_eval, logLik(pfilter(sp500.filt,
          params=coef(if1[[i]]),Np=sp500_Np))), se=TRUE)
  })
})
r.if1 <- data.frame(logLik=L.if1[,1],logLik_se=L.if1[,2],
  t(sapply(if1,coef)))
if (run_level>1) write.table(r.if1,file="sp500_params.csv",
  append=TRUE,col.names=FALSE,row.names=FALSE)

```

- This investigation took 0.1 minutes on 10 cores.
- The repeated stochastic maximizations can also show us the geometry of the likelihood surface in a neighborhood of this point estimate:

```
pairs(~logLik+sigma_nu+mu_h+phi+sigma_eta,  
      data=subset(r.if1,logLik>max(logLik)-20))
```



# Likelihood maximization using randomized starting values

- As for our other case studies, carrying out searches starting randomly throughout a large box can lead to reasonable evidence for successful global maximization.
- For our volatility model, a box containing plausible parameter values might be

```
sp500_box <- rbind(  
  sigma_nu=c(0.005,0.05),  
  mu_h     =c(-1,0),  
  phi      =c(0.95,0.99),  
  sigma_eta = c(0.5,1),  
  G_0      =c(-2,2),  
  H_0      =c(-1,1)  
)
```

```

stew(file=paste0("box_eval_",run_level,".rda"),{
  if.box <- foreach(i=1:sp500_Nreps_global,
    .packages='pomp',.combine=c) %dopar% mif2(if1[[1]],
      params=apply(sp500_box,1,function(x)runif(1,x)))
  L.box <- foreach(i=1:sp500_Nreps_global,
    .packages='pomp',.combine=rbind) %dopar% {
    logmeanexp(replicate(sp500_Nreps_eval, logLik(pfilter(
      sp500.filt,params=coef(if.box[[i]]),Np=sp500_Np))),
      se=TRUE)}
})
timing.box <- .system.time["elapsed"]
r.box <- data.frame(logLik=L.box[,1],logLik_se=L.box[,2],
  t(sapply(if.box,coef)))
if(run_level>1) write.table(r.box,file="sp500_params.csv",
  append=TRUE,col.names=FALSE,row.names=FALSE)
summary(r.box$logLik,digits=5)

```

Min.	1st Qu.	Median	Mean	3rd Qu.	Max.
-4110	-4029	-4019	-4029	-4018	-3969



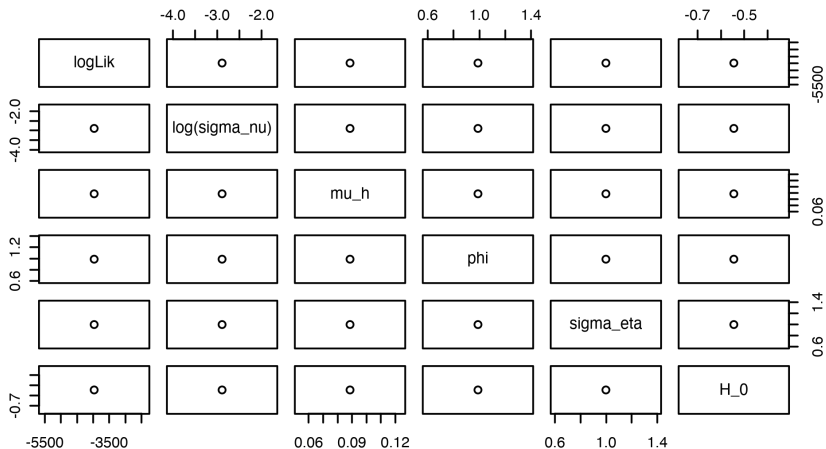
- This search took 0.1 minutes on 10 cores.
- The best likelihood found was -3969.4 with a standard error of 1.1.
- We see that optimization attempts from diverse remote starting points can approach our MLE, but do not exceed it. This gives us some reasonable confidence in our MLE.
- Plotting these diverse parameter estimates can help to give a feel for the global geometry of the likelihood surface

not run at run level 3.

```

pairs(~logLik+log(sigma_nu)+mu_h+phi+sigma_eta+H_0,
      data=subset(r.box,logLik>max(logLik)-10))

```



- This preliminary analysis does not show clear evidence for the hypothesis that  $\sigma_\nu > 0$ .
- That is likely because we are studying only a subset of the 1988 to 2012 dataset analyzed by Bretó (2014).
- Also, it might help to refine our inference by computing a likelihood profile over  $\sigma_\nu$ .

## Benchmark likelihoods for alternative models

Multiply data by 100  $\Rightarrow$  divide the density by 100  $\Rightarrow$  subtract  $\log(100) \approx 5$  from each conditional log-likelihood.

- To assess the overall success of the model, it is helpful to put the log likelihoods in the context of simpler models, called **benchmarks**.
- Benchmarks provide a complementary approach to residual analysis and the investigation of simulations from the fitted model.
- The GARCH(1,1) model for this dataset has a maximized <sup>log-</sup>likelihood of -4019.7 with 3 fitted parameters.
- Our stochastic volatility model, with time-varying leverage, model has a maximized log-likelihood of -3969.4 with 6 fitted parameters. AIC favors the stochastic volatility model.
- A model which both fits better and has meaningful interpretation has clear advantages over a simple statistical model.
- The disadvantage of the sophisticated modeling and inference is the extra effort required.

note: here returns are calculated as percent, which modifies the scale & leads to -ve log-likelihoods.

# Can a mechanistic model be helpful if it loses to a non-mechanistic alternative?

- Sometimes, the mechanistic model does not beat simple benchmark models. That does not necessarily mean the mechanistic model is entirely useless.
- We may be able to learn about the system under investigation from what a scientifically interpretable model fails to explain.
- We may be able to use preliminary results to improve the model, and subsequently beat the benchmarks.
- If the mechanistic model fits disastrously compared to the benchmark, our model is probably missing something important. We must reconsider the model, based on clues we might obtain by carrying out residual analysis and looking at simulations from the fitted model.

## Appendix: Proper weighting for a partially plug-and-play algorithm with a perfectly observed state space component

- Suppose a POMP model with  $X_n = (U_n, V_n)$  and measurement model  $f_{Y_n|X_n}(y_n | u_n, v_n) = f_{Y_n|V_n}(y_n | v_n)$ , depending only on  $v_n$ .
- The proper weight for an SMC proposal density  $q_n(x_n|x_{n-1})$  is

$$w_n(x_n|x_{n-1}) = \frac{f_{Y_n|X_n}(y_n^*|x_n)f_{X_n|X_{n-1}}(x_n|x_{n-1})}{q_n(x_n|x_{n-1})}.$$

- Consider the proposal  $q_n(u_n, v_n|x_{n-1}) = f_{U_n|X_{n-1}}(u_n|x_{n-1})g_n(v_n)$ . This is partially plug-and-play, in the sense that the  $U_n$  part of the proposal is drawn from a simulator of the dynamic system.
- Computing the weights, we see that the transition density for the  $U_n$  component cancels out and does not have to be computed, i.e.,

$$\begin{aligned} w_n(x_n|x_{n-1}) &= \frac{f_{Y_n|V_n}(y_n^*|v_n)f_{U_n|X_{n-1}}(u_n|x_{n-1})f_{V_n|U_n, X_{n-1}}(v_n|u_n, x_{n-1})}{f_{U_n|X_{n-1}}(u_n|x_{n-1})g_n(v_n)} \\ &= \frac{f_{Y_n|V_n}(y_n^*|v_n)f_{V_n|U_n, X_{n-1}}(v_n|u_n, x_{n-1})}{g_n(v_n)}. \end{aligned}$$

- Now consider the case where the  $V_n$  component of the state space is perfectly observed, i.e.,  $Y_n = V_n$ . In this case,

$$f_{Y_n|V_n}(y_n|v_n) = \delta(y_n - v_n),$$

interpreted as a point mass at  $v_n$  in the discrete case and a singular density at  $v_n$  in the continuous case.

- We can choose  $g_n(v_n)$  to depend on the data, and a natural choice is

$$g_n(v_n) = \delta(y_n^* - v_n),$$

for which the proper weight is

$$w_n(x_n|x_{n-1}) = f_{Y_n|U_n, X_{n-1}}(y_n^*|u_n, x_{n-1}).$$

- This is the situation in the context of our case study, with  $U_n = (G_n, H_n)$  and  $V_n = Y_n$ .

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## References and Acknowledgements II

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