

CONTENTS

- CHAPTER 1 INTRODUCTION 1
 - 1.1 Examples of Time Series 1
 - 1.2 A Model-Building Strategy 8
 - 1.3 Time Series Plots in History 8
 - 1.4 An Overview of the Book 9
 - Exercises 10
- CHAPTER 2 FUNDAMENTAL CONCEPTS 11
 - 2.1 Time Series and Stochastic Processes 11
 - 2.2 Means, Variances, and Covariances 11
 - 2.3 Stationarity 16
 - 2.4 Summary 19
 - Exercises 19
 - Appendix A: Expectation, Variance, Covariance, and Correlation . 24
- CHAPTER 3 TRENDS 27
 - 3.1 Deterministic Versus Stochastic Trends 27
 - 3.2 Estimation of a Constant Mean 28
 - 3.3 Regression Methods. 30
 - 3.4 Reliability and Efficiency of Regression Estimates. 36
 - 3.5 Interpreting Regression Output 40
 - 3.6 Residual Analysis 42
 - 3.7 Summary 50
 - Exercises 50
- CHAPTER 4 MODELS FOR STATIONARY TIME SERIES 55
 - 4.1 General Linear Processes 55
 - 4.2 Moving Average Processes 57
 - 4.3 Autoregressive Processes 66
 - 4.4 The Mixed Autoregressive Moving Average Model. 77
 - 4.5 Invertibility. 79
 - 4.6 Summary 80
 - Exercises 81
 - Appendix B: The Stationarity Region for an AR(2) Process 84
 - Appendix C: The Autocorrelation Function for ARMA(p,q). 85

CHAPTER 5 MODELS FOR NONSTATIONARY TIME SERIES	87
5.1 Stationarity Through Differencing	88
5.2 ARIMA Models	92
5.3 Constant Terms in ARIMA Models	97
5.4 Other Transformations	98
5.5 Summary	102
Exercises	103
Appendix D: The Backshift Operator	106
CHAPTER 6 MODEL SPECIFICATION	109
6.1 Properties of the Sample Autocorrelation Function	109
6.2 The Partial and Extended Autocorrelation Functions	112
6.3 Specification of Some Simulated Time Series	117
6.4 Nonstationarity	125
6.5 Other Specification Methods	130
6.6 Specification of Some Actual Time Series	133
6.7 Summary	141
Exercises	141
CHAPTER 7 PARAMETER ESTIMATION	149
7.1 The Method of Moments	149
7.2 Least Squares Estimation	154
7.3 Maximum Likelihood and Unconditional Least Squares	158
7.4 Properties of the Estimates	160
7.5 Illustrations of Parameter Estimation	163
7.6 Bootstrapping ARIMA Models	167
7.7 Summary	170
Exercises	170
CHAPTER 8 MODEL DIAGNOSTICS	175
8.1 Residual Analysis	175
8.2 Overfitting and Parameter Redundancy	185
8.3 Summary	188
Exercises	188

CHAPTER 9 FORECASTING	191
9.1 Minimum Mean Square Error Forecasting	191
9.2 Deterministic Trends	191
9.3 ARIMA Forecasting	193
9.4 Prediction Limits	203
9.5 Forecasting Illustrations	204
9.6 Updating ARIMA Forecasts	207
9.7 Forecast Weights and Exponentially Weighted Moving Averages	207
9.8 Forecasting Transformed Series	209
9.9 Summary of Forecasting with Certain ARIMA Models	211
9.10 Summary	213
Exercises	213
Appendix E: Conditional Expectation	218
Appendix F: Minimum Mean Square Error Prediction	218
Appendix G: The Truncated Linear Process	221
Appendix H: State Space Models	222
CHAPTER 10 SEASONAL MODELS	227
10.1 Seasonal ARIMA Models	228
10.2 Multiplicative Seasonal ARMA Models	230
10.3 Nonstationary Seasonal ARIMA Models	233
10.4 Model Specification, Fitting, and Checking	234
10.5 Forecasting Seasonal Models	241
10.6 Summary	246
Exercises	246
CHAPTER 11 TIME SERIES REGRESSION MODELS	249
11.1 Intervention Analysis	249
11.2 Outliers	257
11.3 Spurious Correlation	260
11.4 Prewhitening and Stochastic Regression	265
11.5 Summary	273
Exercises	274

CHAPTER 12 TIME SERIES MODELS OF HETEROSCEDASTICITY.....	277
12.1 Some Common Features of Financial Time Series.....	278
12.2 The ARCH(1) Model.....	285
12.3 GARCH Models.....	289
12.4 Maximum Likelihood Estimation.....	298
12.5 Model Diagnostics.....	301
12.6 Conditions for the Nonnegativity of the Conditional Variances.....	307
12.7 Some Extensions of the GARCH Model.....	310
12.8 Another Example: The Daily USD/HKD Exchange Rates.....	311
12.9 Summary.....	315
Exercises.....	316
Appendix I: Formulas for the Generalized Portmanteau Tests.....	318
CHAPTER 13 INTRODUCTION TO SPECTRAL ANALYSIS.....	319
13.1 Introduction.....	319
13.2 The Periodogram.....	322
13.3 The Spectral Representation and Spectral Distribution.....	327
13.4 The Spectral Density.....	330
13.5 Spectral Densities for ARMA Processes.....	332
13.6 Sampling Properties of the Sample Spectral Density.....	340
13.7 Summary.....	346
Exercises.....	346
Appendix J: Orthogonality of Cosine and Sine Sequences.....	349
CHAPTER 14 ESTIMATING THE SPECTRUM.....	351
14.1 Smoothing the Spectral Density.....	351
14.2 Bias and Variance.....	354
14.3 Bandwidth.....	355
14.4 Confidence Intervals for the Spectrum.....	356
14.5 Leakage and Tapering.....	358
14.6 Autoregressive Spectrum Estimation.....	363
14.7 Examples with Simulated Data.....	364
14.8 Examples with Actual Data.....	370
14.9 Other Methods of Spectral Estimation.....	376
14.10 Summary.....	378
Exercises.....	378
Appendix K: Tapering and the Dirichlet Kernel.....	381

CHAPTER 15 THRESHOLD MODELS.....	383
15.1 Graphically Exploring Nonlinearity.....	384
15.2 Tests for Nonlinearity.....	390
15.3 Polynomial Models Are Generally Explosive.....	393
15.4 First-Order Threshold Autoregressive Models.....	395
15.5 Threshold Models.....	399
15.6 Testing for Threshold Nonlinearity.....	400
15.7 Estimation of a TAR Model.....	402
15.8 Model Diagnostics.....	411
15.9 Prediction.....	415
15.10 Summary.....	420
Exercises.....	420
Appendix L: The Generalized Portmanteau Test for TAR.....	421
CHAPTER 16 APPENDIX: AN INTRODUCTION TO R.....	423
Introduction.....	423
Chapter 1 R Commands.....	429
Chapter 2 R Commands.....	433
Chapter 3 R Commands.....	433
Chapter 4 R Commands.....	438
Chapter 5 R Commands.....	439
Chapter 6 R Commands.....	441
Chapter 7 R Commands.....	442
Chapter 8 R Commands.....	446
Chapter 9 R Commands.....	447
Chapter 10 R Commands.....	450
Chapter 11 R Commands.....	451
Chapter 12 R Commands.....	457
Chapter 13 R Commands.....	460
Chapter 14 R Commands.....	461
Chapter 15 R Commands.....	462
New or Enhanced Functions in the TSA Library.....	468
DATASET INFORMATION.....	471
BIBLIOGRAPHY.....	477
INDEX.....	487