



Iterated scaling limits for aggregation of random coefficient AR(1) and INAR(1) processes



Fanni Nedényi*, Gyula Pap

Bolyai Institute, University of Szeged, Aradi vértanúk tere 1, H-6720 Szeged, Hungary

ARTICLE INFO

Article history:

Received 18 January 2016
 Received in revised form 30 May 2016
 Accepted 5 June 2016
 Available online 16 June 2016

MSC:
 60F05
 60J80
 60G15

Keywords:

Random coefficient AR(1) processes
 Random coefficient INAR(1) processes
 Temporal aggregation
 Contemporaneous aggregation
 Idiosyncratic innovations

ABSTRACT

By temporal and contemporaneous aggregation, doubly indexed partial sums of independent copies of random coefficient AR(1) or INAR(1) processes are studied. Iterated limits of the appropriately centered and scaled aggregated partial sums are shown to exist. The paper completes the results of Pilipauskaitė and Surgailis (2014) and Barczy et al. (2015).
 © 2016 Elsevier B.V. All rights reserved.

1. Introduction

The aggregation problem is concerned with the relationship between individual (micro) behavior and aggregate (macro) statistics. There exist different types of aggregation. The scheme of contemporaneous (also called cross-sectional) aggregation of random-coefficient AR(1) models was firstly proposed by [Robinson \(1978\)](#) and [Granger \(1980\)](#) in order to obtain the long memory phenomena in aggregated time series.

[Puplinskaitė and Surgailis \(2009, 2010\)](#) discussed aggregation of random-coefficient AR(1) processes with infinite variance and innovations in the domain of attraction of a stable law. Related problems for some network traffic models, M/G/∞ queues with heavy-tailed activity periods, and renewal-reward processes have also been examined. On page 512 in [Jirak \(2013\)](#) one can find many references for papers dealing with the aggregation of continuous time stochastic processes, and the introduction of [Barczy et al. \(2015\)](#) contains a detailed overview on the topic.

The aim of the present paper is to complete the papers of [Pilipauskaitė and Surgailis \(2014\)](#) and [Barczy et al. \(2015\)](#) by giving the appropriate iterated limit theorems for both the randomized AR(1) and INAR(1) models when the parameter $\beta = 1$, the case of which is not investigated in both papers.

Let \mathbb{Z}_+ , \mathbb{N} , \mathbb{R} and \mathbb{R}_+ denote the set of non-negative integers, positive integers, real numbers and non-negative real numbers, respectively. The paper of [Pilipauskaitė and Surgailis \(2014\)](#) discusses the limit behavior of sums

$$S_t^{(N,n)} := \sum_{j=1}^N \sum_{k=1}^{\lfloor nt \rfloor} X_k^{(j)}, \quad t \in \mathbb{R}_+, N, n \in \mathbb{N}, \tag{1.1}$$

* Corresponding author.

E-mail addresses: nfanni@math.u-szeged.hu (F. Nedényi), papgy@math.u-szeged.hu (G. Pap).

where $(X_k^{(j)})_{k \in \mathbb{Z}_+, j \in \mathbb{N}}$, are independent copies of a stationary random-coefficient AR(1) process

$$X_k = \alpha X_{k-1} + \varepsilon_k, \quad k \in \mathbb{N}, \tag{1.2}$$

with standardized independent and identically distributed (i.i.d.) innovations $(\varepsilon_k)_{k \in \mathbb{N}}$ having $E(\varepsilon_1) = 0$ and $\text{Var}(\varepsilon_1) = 1$, and a random coefficient α with values in $[0, 1)$, being independent of $(\varepsilon_k)_{k \in \mathbb{N}}$ and admitting a probability density function of the form

$$\psi(x)(1-x)^\beta, \quad x \in [0, 1), \tag{1.3}$$

where $\beta \in (-1, \infty)$ and ψ is an integrable function on $[0, 1)$ having a limit $\lim_{x \uparrow 1} \psi(x) = \psi_1 > 0$. Here the distribution of X_0 is chosen as the unique stationary distribution of the model (1.2). Its existence was shown in Proposition 1 of [Puplinskaitė and Surgailis \(2009\)](#). We point out that they considered so-called idiosyncratic innovations, i.e., the innovations $(\varepsilon_k^{(j)})_{k \in \mathbb{N}, j \in \mathbb{N}}$, belonging to $(X_k^{(j)})_{k \in \mathbb{Z}_+, j \in \mathbb{N}}$, are independent. In [Pilipauskaitė and Surgailis \(2014\)](#) they derived scaling limits of the finite dimensional distributions of $(A_{N,n}^{-1} S_t^{(N,n)})_{t \in \mathbb{R}_+}$, where $A_{N,n}$ are some scaling factors and first $N \rightarrow \infty$ and then $n \rightarrow \infty$, or vice versa, or both N and n increase to infinity, possibly with different rates. The iterated limit theorems for both orders of iteration are presented in the paper of [Pilipauskaitė and Surgailis \(2014\)](#), in Theorems 2.1 and 2.3, along with results concerning simultaneous limit theorems in Theorems 2.2 and 2.3. We note that the theorems cover different ranges of the possible values of $\beta \in (-1, \infty)$, namely, $\beta \in (-1, 0)$, $\beta = 0$, $\beta \in (0, 1)$, and $\beta > 1$. Among the limit processes is a fractional Brownian motion, lines with random slopes where the slope is a stable variable, a stable Lévy process, and a Wiener process. Our paper deals with the missing case when $\beta = 1$, for both two orders of iteration.

The paper of [Barczy et al. \(2015\)](#) discusses the limit behavior of sums (1.1), where $(X_k^{(j)})_{k \in \mathbb{Z}_+, j \in \mathbb{N}}$, are independent copies of a stationary random-coefficient INAR(1) process. The usual INAR(1) process with non-random-coefficient is defined as

$$X_k = \sum_{j=1}^{X_{k-1}} \xi_{k,j} + \varepsilon_k, \quad k \in \mathbb{N}, \tag{1.4}$$

where $(\varepsilon_k)_{k \in \mathbb{N}}$ are i.i.d. non-negative integer-valued random variables, $(\xi_{k,j})_{k,j \in \mathbb{N}}$ are i.i.d. Bernoulli random variables with mean $\alpha \in [0, 1]$, and X_0 is a non-negative integer-valued random variable such that X_0 , $(\xi_{k,j})_{k,j \in \mathbb{N}}$ and $(\varepsilon_k)_{k \in \mathbb{N}}$ are independent. By using the binomial thinning operator $\alpha \circ$ due to [Steutel and van Harn \(1979\)](#), the INAR(1) model in (1.4) can be considered as

$$X_k = \alpha \circ X_{k-1} + \varepsilon_k, \quad k \in \mathbb{N}, \tag{1.5}$$

whose form captures the resemblance with the AR(1) model. We note that an INAR(1) process can also be considered as a special branching process with immigration having Bernoulli offspring distribution.

We will consider a certain randomized INAR(1) process with randomized thinning parameter α , given formally by the recursive equation (1.5), where α is a random variable with values in $(0, 1)$. This means that, conditionally on α , the process $(X_k)_{k \in \mathbb{Z}_+}$ is an INAR(1) process with thinning parameter α . Conditionally on α , the i.i.d. innovations $(\varepsilon_k)_{k \in \mathbb{N}}$ are supposed to have a Poisson distribution with parameter $\lambda \in (0, \infty)$, and the conditional distribution of the initial value X_0 given α is supposed to be the unique stationary distribution, namely, a Poisson distribution with parameter $\lambda/(1-\alpha)$. For a rigorous construction of this process see Section 4 of [Barczy et al. \(2015\)](#). The iterated limit theorems for both orders of iteration – that are analogous to the ones in case of the randomized AR(1) model – are presented in the latter paper, in Theorems 4.6-4.12. This paper deals with the missing case when $\beta = 1$, for both two orders of iteration. When first $N \rightarrow \infty$ and then $n \rightarrow \infty$, we use the technique that already appeared in the second proof of Theorem 4.6 of [Barczy et al. \(2015\)](#). We show convergence of finite dimensional distributions of Gaussian sequences by checking convergence of covariances. It turns out that in case of $\beta = 1$ these covariances can be computed explicitly. When first $n \rightarrow \infty$ and then $N \rightarrow \infty$, we apply a new approach. Using the ideas of the second proof of Theorem 4.9 of [Barczy et al. \(2015\)](#), it suffices to show weak convergence of sums of certain i.i.d. random variables scaled by the factor $N \log N$ towards a positive number. It will be a consequence of a classical limit theorem with a stable limit distribution for these sums scaled by the factor N and centered appropriately. One may wonder about the limit behavior if n and N converge to infinity simultaneously, not in an iterated manner. This question has not been covered for $\beta = 1$ for either models, but the authors of this paper are planning to do so. Another natural question, which remains open, is whether the finite-dimensional convergence can be replaced by the functional convergence in Skorokhod space.

2. Iterated aggregation of randomized INAR(1) processes with Poisson innovations

Let $\alpha^{(j)}, j \in \mathbb{N}$, be a sequence of independent copies of the random variable α , and let $(X_k^{(j)})_{k \in \mathbb{Z}_+, j \in \mathbb{N}}$, be a sequence of independent copies of the process $(X_k)_{k \in \mathbb{Z}_+}$ with idiosyncratic innovations (i.e., the innovations $(\varepsilon_k^{(j)})_{k \in \mathbb{N}, j \in \mathbb{N}}$, belonging to $(X_k^{(j)})_{k \in \mathbb{Z}_+, j \in \mathbb{N}}$, are independent) such that $(X_k^{(j)})_{k \in \mathbb{Z}_+}$ conditionally on $\alpha^{(j)}$ is a strictly stationary INAR(1) process with Poisson innovations for all $j \in \mathbb{N}$.

Download English Version:

<https://daneshyari.com/en/article/1154173>

Download Persian Version:

<https://daneshyari.com/article/1154173>

[Daneshyari.com](https://daneshyari.com)