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Normal approximation for strong demimartingales

Milto Hadjikyriakou

School of Sciences, UCLAN Cyprus, 12-14 University Avenue, Pyla, 7080 Larnaka, Cyprus

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ABSTRACT

We consider a sequence of strong demimartingales. For these random objects, a central limit theorem is obtained by utilizing Zolotarev's ideal metric and the fact that a sequence of strong demimartingales is ordered via the convex order with the sequence of its independent duplicates. The CLT can also be applied to demimartingale sequences with constant mean. Newman (1984) conjectures a central limit theorem for demimartingales but this problem remains open. Although the result obtained in this paper does not provide a solution to Newman's conjecture, it is the first CLT for demimartingales available in the literature.

1. Introduction

Newman (1980) proved the following remarkable central limit theorem for associated random variables.

Theorem 1. *Let the sequence $\{X_n, n \geq 1\}$ be a strictly stationary associated sequence of random variables with $E(X_1^2) < \infty$ and $0 < \sigma^2 = \text{Var}(X_1) + 2\sum_{j=2}^{\infty} \text{Cov}(X_1, X_j) < \infty$.*

Then,

$$\frac{S_n - E(S_n)}{\sqrt{n}} \xrightarrow{D} N(0, \sigma^2) \quad \text{as } n \to \infty$$

where $\xrightarrow{D}$ denotes convergence in distribution.

The result of Newman (1980) was the motivation for a number of central limit theorems for associated random variables (see for example Bulinski and Shaskin, 2007; Prakasa Rao, 2012; Oliveira, 2012).

Further to associated random variables that were introduced by Esary et al. (1967), central limit theorems are provided for various notions of dependence such as martingales, mixing sequences, m-dependent random sequences, linearly positively/negatively quadrant dependent random variables (see for example Hall and Heyde, 1980; Prakasa Rao, 1975; Shang, 2012; Boutsikas and Vaggelatou, 2002).

Newman and Wright (1982) introduced the concept of demimartingales in order to provide a much more general class than the associated random variables. The definition of demimartingales is given below.

E-mail address: miltwh@gmail.com.

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Definition 2. Let $\{S_n, n \geq 1\}$ be a collection of random variables defined on a probability space $(\Omega, \mathcal{A}, \mathcal{P})$. The sequence $\{S_n, n \geq 1\}$ is called a demimartingale if for every componentwise nondecreasing function f and for $j > i$

$$E\left[\left(S_j - S_i\right) f(S_1, \dots, S_i)\right] \geq 0. \tag{1}$$

If moreover (1) is valid for any nonnegative componentwise nondecreasing function f, then $\{S_n, n \geq 1\}$ is called a demisubmartingale.

Christofides and Hadjikyriakou (2015) introduced the concept of conditional strong demimartingales given a σ-field $\mathcal{F}$. The unconditional version of this definition is provided below.

Definition 3. A sequence $\{S_n, n \in \mathbb{N}\}$ is said to be a strong demimartingale if for any two coordinatewise nondecreasing functions f and g and $j = 1, 2, \dots$

$$\text{Cov}\left[g(S_{j+1} - S_j), f(S_1, \dots, S_j)\right] \geq 0$$

whenever the covariance is defined.

Remark 4. It can easily be proven that the partial sums of positively associated random variables form a sequence of strong demimartingales. Furthermore, if $\{S_n, \ n \in \mathbb{N}\}$ is a strong demimartingale sequence with $E(S_i) = C, \ \forall\, i = 1, 2, \dots$ where C is a constant, the sequence $\{S_n, \ n \in \mathbb{N}\}$ is also a demimartingale.

Concepts of dependence are closely related to stochastic orders. One of the most celebrated stochastic orders is the so-called convex order. A random variable X is said to be smaller than the random variable Y in the convex order (denoted by $X \preceq_{\text{cx}} Y$) if $E\phi(X) \leq E\phi(Y)$ for all the convex functions ϕ such that the expectations exist (cf. Shaked and Shanthikumar, 2007).

Christofides and Hadjikyriakou (2015) proved a comparison theorem for conditionally strong demimartingales. The unconditional version of the theorem states that a sequence of strong demimartingales is always larger than the sequence of its independent duplicates in the convex order.

Theorem 5. *Let $\{S_n, n \in \mathbb{N}\}$ be a strong demimartingale and let $X_j = S_j - S_{j-1}, \ j \geq 1$ with $S_0 \equiv 0$. Let X_j^* be independent random variables such that X_j and X_j^* have the same distribution and let $\hat{S}_n = \sum_{j=1}^n X_j^*$. Then,*

$$\hat{S}_n \preceq_{\text{cx}} S_n.$$

Newman (1984) conjectures the following: Let $S_0 \equiv 0$ and the sequence $\{S_n, n \geq 1\}$ be an L^2-demimartingale whose difference sequence $\{X_n = S_n - S_{n-1}, \ n \geq 1\}$ is strictly stationary and ergodic with

$$0 < \sigma^2 = \text{Var}(X_1) + 2\sum_{j=2}^{\infty} \text{Cov}(X_1, X_j) < \infty.$$

Then

$$n^{-1/2}(S_n - ES_n) \xrightarrow{D} \sigma N \quad \text{as } n \to \infty$$

where N is a standard normal random variable. The above conjecture has not been proven and the problem remains open. This paper aims to show that the result of Theorem 5 can be employed in order to obtain a central limit theorem for a class of strong demimartingales that is also valid for a class of demimartingale sequences. Although, the central limit theorem obtained in the next section does not provide a solution to Newman's conjecture to the best of my knowledge it is the first result in the literature dealing with the CLT for demimartingales.

2. Central limit theorem for strong demimartingales

The concepts of stochastic orders and probability metrics are closely related in the sense that if two random variables are somehow ordered and their expectations are close to one another, it is of interest to study how close their respective distributions are. In the case of random variables that are ordered with the convex order, a useful metric is the so called Zolotarev's ideal metric (Zolotarev, 1983) which is defined as

$$\zeta_s(X, Y) = \frac{1}{(s-1)!}\int_{-\infty}^{\infty} |E(X-t)_+^{s-1} - E(Y-t)_+^{s-1}|\, dt, \quad s \in \mathbb{N} \setminus \{0\}$$

where $E|X|^{s-1} < \infty$, $E|Y|^{s-1} < \infty$ and $X_+ = \max\{0, X\}$.

Observe that if $X \preceq_{\text{cx}} Y$ and $s = 2$ the above metric becomes of the form

$$\zeta_2(X, Y) = \int_{-\infty}^{\infty} \left(E(Y-t)_+ - E(X-t)_+\right) dt$$

where $E|X| < \infty$, $E|Y| < \infty$.

The main result of this paper is presented in this section and it is consider to be a Berry–Esseen type central limit theorem.