

Package ‘MixedTS’

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Author Lorenzo Mercuri, Edit Rroji

Maintainer Lorenzo Mercuri <lorenzo.mercuri@unimi.it>

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MixedTS-package

Mixed Tempered Stable Distribution

Description

This package provides detailed functions for univariate Mixed Tempered Stable distribution distribution with Gamma density. This distribution encompasses, Variance Gamma and Symmetric Geo-Stable as special cases. The package contains routine for mle estimation, for the computation of density, probability, quantile and random numbers

Details

Package: MixedTS
Type: Package
License: GPL (>= 2)

Author(s)

Lorenzo Mercuri, Edit Rroji

Maintainer: Lorenzo Mercuri <lorenzo.mercuri@unimi.it>

References

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- Kuchler, U. and Tappe, S. (2014): Exponential stockmodels driven by tempered stable processes. *Journal of Econometrics*, 181 (1), 53-63.
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dMixedTS-methods

Density of Mixed Tempered Stable distribution

Description

This Method returns the density of a Mixed Tempered Stable

Methods

signature(object = "param.MixedTS", x = numeric(), setSup=NULL, setInf=NULL, N=2^10)
 This method returns an object of class MixedTS where the slot dens contains the value of the density evaluated on the x. setSup and setInf are used to choose + infinity and - infinity. N is the number of point used for discretization in fft algorithm.

Examples

```
# First Example

# Density of MixedTS with Gamma

ParamEx1<-setMixedTS.param(mu0=0, mu=0, sigma=0.4, a=1.5,
                           alpha=0.8, lambda_p=4, lambda_m=1,
                           Mixing="Gamma")

# support

x<-seq(-3,1,length=100)

dens1<-dMixedTS(x=x,object=ParamEx1,setSup=10,setInf=-10,N=2^7)

plot(dens1)

# Density of MixedTS with IG

Mix<-"User"

logmgf<-("lamb/mu1*(1-sqrt(1-2*mu1^2/lamb*u))")

parMix<-list(lamb=1,mu1=1)

ParamEx2<-setMixedTS.param(mu0=0, mu=0, sigma=0.4, a=logmgf,
                           alpha=0.8, lambda_p=4, lambda_m=1,
                           Mixing=Mix,paramMixing=parMix)

x<-seq(-3,1,length=100)

dens2<-dMixedTS(x=x,object=ParamEx2,setSup=10,setInf=-10,N=2^7)

plot(dens2)
```

Description

Mathematical description of the Mixed Tempered Stable distribution.

This class inherits from the class `param.MixedTS` and is a superclass for `MixedTS.qmle-class`.

Objects from the Class

This object is built by the following methods:

`dMixedTS`, `pMixedTS`, `qMixedTS`, `rMixedTS`.

Slots

Data: Object of class "numeric" containing a random number. This slot is filled when the method `rMixedTS` is used.

dens: Object of class "numeric" that contains the density of the `MixedTS`. This slot is filled by `dMixedTS`.

prob: Object of class "numeric" that contains the probability of the `MixedTS`. This slot is filled by `pMixedTS` and `pMixedTS`.

xMixedTS: Object of class "numeric" that contains the support for the density and probability.

quantile: Object of class "logical". If `TRUE` the object is built by the method `qMixedTS`. If `FALSE` the object is built by the method `qMixedTS`.

mu0: Object of class "numeric". See `param.MixedTS`.

mu: Object of class "numeric". See `param.MixedTS`.

sigma: Object of class "numeric". See `param.MixedTS`.

a: Object of class "vector". See `param.MixedTS`.

alpha: Object of class "numeric". See `param.MixedTS`.

lambda_p: Object of class "numeric". See `param.MixedTS`.

lambda_m: Object of class "numeric". See `param.MixedTS`.

Mixing: Object of class "character". See `param.MixedTS`.

paramMixing: Object of class "list". See `param.MixedTS`.

MixingLogMGF: Object of class "OptionalFunction". See `param.MixedTS`.

Extends

Class "`param.MixedTS`", directly.

Methods

plot signature(x = "MixedTS", ...)

MixedTS.qmle-class	MixedTS.qmle: <i>a class for Maximum Likelihood of Mixed Tempered Stable</i>
--------------------	--

Description

This class is constructed by function `MixedTS.qmle`. It is a subclass for the `MixedTS`-class

Objects from the Class

Objects can be created by function `MixedTS.qmle`.

Slots

`time`: Object of class "numeric". Computational Time.

`coef`: Object of class "numeric". Estimated parameters.

`vcov`: Object of class "matrix". Approximate variance-covariance matrix.

`min`: Object of class "numeric". Minimum value of objective function.

`details`: Object of class "list". A list as returned from `constrOptim`

`nobs`: Object of class "integer". Number of observation.

`method`: Object of class "character". The optimization method used.

`Data`: Object of class "numeric". See `MixedTS`-class.

`dens`: Object of class "numeric". See `MixedTS`-class.

`prob`: Object of class "numeric". See `MixedTS`-class.

`xMixedTS`: Object of class "numeric". See `MixedTS`-class.

`quantile`: Object of class "logical". See `MixedTS`-class.

`mu0`: Object of class "numeric". See `MixedTS`-class.

`mu`: Object of class "numeric". See `MixedTS`-class.

`sigma`: Object of class "numeric". See `MixedTS`-class.

`a`: Object of class "vector". See `MixedTS`-class.

`alpha`: Object of class "numeric". See `MixedTS`-class.

`lambda_p`: Object of class "numeric". See `MixedTS`-class.

`lambda_m`: Object of class "numeric". See `MixedTS`-class.

`Mixing`: Object of class "character". See `MixedTS`-class.

`paramMixing`: Object of class "list". See `MixedTS`-class.

`MixingLogMGF`: Object of class "OptionalFunction". See `MixedTS`-class.

Extends

Class "`MixedTS`", directly. Class "`param.MixedTS`", by class "`MixedTS`", distance 2.

Methods

```

summary signature(.Object = "MixedTS.qmle")
coef signature(.Object = "MixedTS.qmle")
vcov signature(.Object = "MixedTS.qmle")
logLik signature(.Object = "MixedTS.qmle")
BIC signature(.Object = "MixedTS.qmle")
AIC signature(.Object = "MixedTS.qmle")

```

mle.MixedTS

Maximum Likelihood Estimation for MixedTS distribution

Description

Estimate MixedTS parameters using the Maximum Likelihood Estimation procedure.

Usage

```

mle.MixedTS(object, start = list(), Data = NULL,
             method = "L-BFGS-B", fixed.param = NULL,
             lower.param = NULL, upper.param = NULL,
             setSup = NULL, setInf = NULL, N = 2^10)

```

Arguments

<code>object</code>	an object of class <code>param.MixedTS</code> that contains informations about the model.
<code>start</code>	a list of parameter for the mle.
<code>Data</code>	a numeric object containing the dataset.
<code>method</code>	methods for optimization routine. See <code>optim</code> for more details.
<code>fixed.param</code>	a list of the model parameter that must be fix during optimization routine. Choosing <code>alpha=2</code> the function returns the estimate parameters for the Normal Variance Mean Mixture distribution.
<code>lower.param</code>	a list containing the lower bound for the parameters.
<code>upper.param</code>	a list containing the upper bound for the parameters.
<code>setSup</code>	Internal parameter. see documentation for <code>dMixedTS</code> for more details.
<code>setInf</code>	Internal parameter. see documentation for <code>dMixedTS</code> for more details.
<code>N</code>	Internal parameter. see documentation for <code>dMixedTS</code> for more details.

Value

The function returns an object of class `MixedTS.qmle`.

Examples

```

# First Example:
# We define the Mixed Tempered Stable using the function setMixedTS.param

ParamEx1<-setMixedTS.param(mu0=0, mu=0, sigma=0.4, a=1.5,
                           alpha=0.8, lambda_p=4, lambda_m=1, Mixing="Gamma")

# We generate a sample using the rMixedTS method
set.seed(100)
Rand1 <- rMixedTS(x=5000,object=ParamEx1, setSup=10,setInf=-10,N=2^9)

# Estimate procedure
## Not run:
est1<-mle.MixedTS(object=Rand1 , setSup=10,setInf=-10,N=2^9)
# Show results

summary(est1)

## End(Not run)

```

```

param.MixedTS-class  "param.MixedTS": A mathematical Description of the Mixed Tem-
                    pered Stable

```

Description

Main class of the package MixedTS.

Objects from the Class

Objects can be created by calls of the form setMixedTS.

Slots

mu0: a numeric object. mu0 parameter belongs to the real axis.

mu: a numeric object. mu parameter belongs to the real axis

sigma a numeric object. sigma parameter assumes value from zero to infinity.

a a vector object. If numeric, the mixing density V is a Gamma and a is the value of the shape parameter. If string, a is the log of the moment generating function of the mixing density V .

alpha a numeric object that takes value from 0 to 2. If alpha is fixed to 2, the Mixed Tempered Stable becomes the Normal Variance Mean mixture.

lambda_p a positive numeric object. It is the right tempering parameter of the random variable X .

lambda_m a positive numeric object. It is the left tempering parameter of the random variable X

Mixing a string object indicating the nature of the mixing density V . If `Mixing="Gamma"` (default value), the V random variable is a Gamma. If `Mixing="User"`, the user has to specify the log of the moment generating function of the V random variable.

paramMixing a list object. It is an empty list when `Mixing="Gamma"`. If `Mixing="User"`, it is used to pass the values of the Mixing density parameters defined by the User through slot `a`.

MixingLogMGF: This slot contains a function that returns the logarithm of mgf for the Mixing density. The function is built internally using the information contained into the slots `a`, `paramMixing`.

Parametrization: String that indicates the parametrization used by user for the MixedTS

Methods

dMixedTS signature(object = "param.MixedTS"): Method for computing density of MixedTS. See "[dMixedTS-methods](#)" for more details.

pMixedTS signature(object = "param.MixedTS"): Method for computing probability of MixedTS. See "[pMixedTS-methods](#)" for more details.

qMixedTS signature(object = "param.MixedTS"): Method for computing quantile of MixedTS. See "[qMixedTS-methods](#)" for more details.

rMixedTS signature(object = "param.MixedTS"): Method for computing random numbers of MixedTS. See "[rMixedTS-methods](#)" for more details.

initialize signature(object = "param.MixedTS").

Qparam.MixedTS signature(object = "param.MixedTS").

pMixedTS-methods

Probability of Mixed Tempered Stable distribution

Description

This Method returns the cdf of a Mixed Tempered Stable

Methods

signature(object = "param.MixedTS", x = numeric(), setSup=NULL, setInf=NULL, N=2^10)

This method returns an object of class MixedTS where the slot `prob` contains the value of the probability evaluated on the `x`. `setSup` and `setInf` are used to choose + infinity and - infinity. `N` is the number of points used for discretization in the FFT algorithm.

Examples

```
# First Example

# Density of MixedTS with Gamma

ParamEx1<-setMixedTS.param(mu0=0, mu=0, sigma=0.4, a=1.5,
                           alpha=0.8, lambda_p=4, lambda_m=1,
                           Mixing="Gamma")

# support
```

```

x<-seq(-3,1,length=100)

prob1<-pMixedTS(x=x,object=ParamEx1,setSup=10,setInf=-10,N=2^7)

plot(prob1)

# Prob of MixedTS with IG

Mix<-"User"

parMix<-list(lamb=1,mu1=1)

logmgf<-("lamb/mu1*(1-sqrt(1-2*mu1^2/lamb*u))")

ParamEx2<-setMixedTS.param(mu0=0, mu=0, sigma=0.4, a=logmgf,
                           alpha=0.8, lambda_p=4, lambda_m=1,
                           Mixing=Mix,paramMixing=parMix)

x<-seq(-3,1,length=100)

prob2<-pMixedTS(x=x,object=ParamEx2,setSup=10,setInf=-10,N=2^7)

plot(prob2)

```

qMixedTS-methods

Quantile of Mixed Tempered Stable distribution

Description

This Method returns the quantile of a Mixed Tempered Stable.

Methods

```
signature(object = "param.MixedTS", x = numeric(), setSup=NULL, setInf=NULL, N=2^10)
```

This method returns an object of class MixedTS where the slot prob contains the value of the quantile evaluated on the x (x is the probability). `setSup` and `setInf` are used to choose + infinity and - infinity. `N` is the number of point used for discretization in fft algorithm.

rMixedTS-methods

Random number of Mixed Tempered Stable distribution

Description

This Method returns the quantile of a Mixed Tempered Stable.

Methods

```
signature(object = "param.MixedTS", x = numeric(), setSup=NULL, setInf=NULL, N=2^10)
```

This method returns an object of class MixedTS where the slot Data contains a set of size x of random numbers. `setSup` and `setInf` are used to choose + infinity and - infinity. N is the number of point used for discretization in fft algorithm.

setMixedTS.param	<i>Mixed Tempered Stable distribution</i>
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Description

setMixedTS describes the Mixed Tempered Stable distribution introduced in Rroji and Mercuri (2014):

Definition

We say that a continuous random variable Y follows a Mixed Tempered Stable distribution if:

$$Y = \mu_0 + \mu * V + \sigma * \sqrt{V} * Z$$

The conditional distribution of random variable given $V=v$ is a standardized Tempered Stable with parameters $(\alpha, \lambda_p * \sqrt{v}, \lambda_m)$ (see Kuchler, U. and Tappe, S. 2014). The distribution of V is infinitely divisible defined on the positive axis.

Usage

```
setMixedTS.param(mu0 = numeric(), mu = numeric(),
  sigma = numeric(), a, alpha = numeric(),
  lambda_p = numeric(), lambda_m = numeric(),
  param = numeric(), Mixing = "Gamma", paramMixing = list(), Parametrization = "A")
```

Arguments

<code>mu0</code>	a numeric object. <code>mu0</code> parameter belongs to the real axis.
<code>mu</code>	a numeric object. <code>mu</code> parameter belongs to the real axis
<code>sigma</code>	a numeric object. <code>sigma</code> parameter assumes value from zero to infinity.
<code>a</code>	a vector object. If numeric, the mixing density V is a Gamma and <code>a</code> is the value of the shape parameter. If string, <code>a</code> is the log of the moment generating function of the mixing density V .
<code>alpha</code>	a numeric object that takes value from 0 to 2. If <code>alpha</code> is fixed to 2, the Mixed Tempered Stable becomes the Normal Variance Mean mixture.
<code>lambda_p</code>	a positive numeric object. It is the right tempering parameter of the random variable X .
<code>lambda_m</code>	a positive numeric object. It is the left tempering parameter of the random variable X
<code>param</code>	a numeric object containing the Mixed Tempered Stable parameters. It is not necessary if we use the previous inputs for defining the distribution. See documentation for more details.

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