

Package ‘tvgarch’

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Type Package

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Description Simulation, estimation and inference for univariate and multivariate TV(s)-GARCH(p,q,r)-X models, where s indicates the number and shape of the transition functions, p is the ARCH order, q is the GARCH order, r is the asymmetry order, and 'X' indicates that covariates can be included. In the multivariate case, variances are estimated equation by equation and dynamic conditional correlations are allowed. The TV long-term component of the variance as in the multiplicative TV-GARCH model of Amado and Ter{\a}svirta (2013) <doi:10.1016/j.jeconom.2013.03.006> introduces non-stationarity whereas the GARCH-X short-term component describes conditional heteroscedasticity. Maximisation by parts leads to consistent and asymptotically normal estimates.

License GPL (>= 2)

Depends R (>= 3.5.0), garchx, zoo, numDeriv, hier.part

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tvgarch-package	<i>Time Varying GARCH Modelling</i>
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Description

Simulation, estimation and inference for univariate and multivariate TV(s)-GARCH(p,q,r)-X models, where s indicates the number and shape of the transition functions, p is the ARCH order, q is the GARCH order, r is the asymmetry order, and 'X' indicates that covariates can be included. In the multivariate case, variances are estimated equation by equation and dynamic conditional correlations are allowed. The TV long-term component of the variance introduces non-stationarity whereas the GARCH-X short-term component describes conditional heteroscedasticity. Maximisation by parts leads to consistent and asymptotically normal estimates.

Details

```
Package: tvgarch
Type: Package
Version: 2.1
Date: 2021-09-01
License: GPL>=2
```

Author(s)

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Maintainer: Susana Campos-Martins

Contributor: Genaro Sucarrat

See Also

[tvgarch](#), [mtvgarch](#), [tvgarchSim](#), [mtvgarchSim](#)

Examples

```
set.seed(123)

## Simulate from a TV(1)-GARCH(1,1) model (default):
ySim <- tvgarchSim(n = 1500)
```

```
## Estimate a TV(1)-GARCH(1,1) model (default):
yEst <- tvgarch(y = ySim)
yEst
```

coef.mtvgarch

*Extraction functions for multivariate 'mtvgarch' objects***Description**

Extraction functions for objects of class 'mtvgarch'.

Usage

```
## S3 method for class 'mtvgarch'
coef(object, ...)
## S3 method for class 'mtvgarch'
fitted(object, as.zoo = TRUE, ...)
## S3 method for class 'mtvgarch'
logLik(object, ...)
## S3 method for class 'mtvgarch'
nobs(object, ...)
## S3 method for class 'mtvgarch'
predict(object, n.ahead = 10, newxtv = NULL, newxreg = NULL,
newindex = NULL, ...)
## S3 method for class 'mtvgarch'
print(x, ...)
## S3 method for class 'mtvgarch'
quantile(x, probs = 0.025, names = TRUE, type = 7, as.zoo = TRUE, ...)
## S3 method for class 'mtvgarch'
residuals(object, as.zoo = TRUE, ...)
## S3 method for class 'mtvgarch'
toLatex(object, digits = 4, ...)
## S3 method for class 'mtvgarch'
vcov(object, ...)
```

Arguments

object	an object of class 'tvrgarch'.
x	an object of class 'tvrgarch'.
as.zoo	logical. If TRUE, then the returned result is of class <code>zoo</code> .
n.ahead	integer that determines how many steps ahead predictions should be generated.
newxtv	NULL or vector with the out-of-sample transition variable. If NULL, out-of-sample component <code>g</code> equals <code>intercept.g</code> .
newxreg	vector or matrix with the out-of-sample regressor values.
newindex	zoo-index for the out-of-sample predictions. If NULL (default), then <code>1:n.ahead</code> is used

probs	vector of probabilities.
names	logical, whether to return names or not.
type	integer that determines the algorithm used to compute the quantile, see quantile .
digits	integer, the number of digits in the printed LaTeX code.
...	additional arguments.

Value

coef:	list of numeric vectors containing parameter estimates.
fitted:	fitted conditional variances and correlations.
logLik:	list of log-likelihood values (normal density).
nobs:	number of observations used in the estimation.
predict:	matrix with the variance predictions.
print:	print of the estimation results.
quantile:	the fitted quantiles, i.e. the conditional standard deviation times the empirical quantile of the standardised innovations.
residuals:	standardised residuals.
vcov:	list of coefficient variance-covariance matrices.

Author(s)

Susana Campos-Martins

References

Cristina Amado and Timo Teräsvirta (2013) Modelling volatility by variance decomposition, *Journal of Econometrics* 175, 142-153. Christian Francq and Jean-Michel Zakoïan (2016) Estimating multivariate volatility models equation by equation, *J. R. Stat. Soc. Ser. B Stat. Methodol* 78, 613-635.

See Also

[mtvgarch](#), [mtvgarchSim](#), [tvgarch](#), [garchx](#), [zoo](#)

Examples

```
set.seed(123)

## Simulate from a bivariate CCC-TV(1)-GARCH(1,1) model (default):
mySim <- mtvgarchSim(n = 1500)

## Estimate a CCC-TV(1)-GARCH(1,1) model:
myEst <- mtvgarch(y = mySim)

## Print estimation results:
print(myEst)
```

```

## Extract coefficients:
coef(myEst)

## Extract and store conditional variances:
sigma2Est <- fitted(myEst)

## Extract log-likelihood:
logLik(myEst)

## Extract and store standardised residuals:
etaEst <- residuals(myEst)

## Extract variance-covariance matrix:
vcov(myEst)

## Generate predictions:
predict(myEst)

```

coef.tvgarch

Extraction functions for univariate 'tvgarch' objects

Description

Extraction functions for objects of class 'tvgarch'.

Usage

```

## S3 method for class 'tvgarch'
coef(object, spec = NULL, ...)
## S3 method for class 'tvgarch'
fitted(object, spec = NULL, as.zoo = TRUE, ...)
## S3 method for class 'tvgarch'
logLik(object, ...)
## S3 method for class 'tvgarch'
nobs(object, ...)
## S3 method for class 'tvgarch'
predict(object, n.ahead = 10, newxtv = NULL, newxreg = NULL,
         newindex = NULL, n.sim = 5000, verbose = FALSE, ...)
## S3 method for class 'tvgarch'
print(x, ...)
## S3 method for class 'tvgarch'
quantile(x, probs = 0.025, names = TRUE, type = 7, as.zoo = TRUE, ...)
## S3 method for class 'tvgarch'
residuals(object, as.zoo = TRUE, ...)
## S3 method for class 'tvgarch'
toLatex(object, digits = 4, ...)
## S3 method for class 'tvgarch'
vcov(object, spec = NULL, ...)

```

Arguments

object	an object of class 'tvgarch'.
spec	specifies whether the function should extract specific results. If "tv", extracts results from the TV (long-term) component; if "garch" extracts results from the GARCH-X (short-term). If NULL, extracts results from full model.
x	an object of class 'tvgarch'.
as.zoo	logical. If TRUE, then the returned result is of class <code>zoo</code> .
n.ahead	integer that determines how many steps ahead predictions should be generated.
newxtv	NULL or vector with the out-of-sample transition variable. If NULL, out-of-sample component <code>g</code> equals <code>intercept.g</code> .
newxreg	vector or matrix with the out-of-sample regressor values.
newindex	zoo-index for the out-of-sample predictions. If NULL (default), then <code>1:n.ahead</code> is used
n.sim	integer, the number of simulations.
verbose	logical. If TRUE, then the simulations - in addition to the predictions - are returned.
probs	vector of probabilities.
names	logical, whether to return names or not.
type	integer that determines the algorithm used to compute the quantile, see quantile .
digits	integer, the number of digits in the printed LaTeX code.
...	additional arguments.

Value

coef:	numeric vector containing parameter estimates.
fitted:	fitted conditional variance.
logLik:	log-likelihood (normal density).
nobs:	the number of observations used in the estimation.
predict:	a vector with the predictions (<code>verbose=FALSE</code>), or a matrix with both the predictions and the simulations (<code>verbose=TRUE</code>).
print:	print of the estimation results.
quantile:	the fitted quantiles, i.e. the conditional standard deviation times the empirical quantile of the standardised innovations.
residuals:	standardised residuals.
vcov:	coefficient variance-covariance matrix.

Author(s)

Susana Campos-Martins

References

Cristina Amado and Timo Teräsvirta (2013) Modelling volatility by variance decomposition, *Journal of Econometrics* 175, 142-153. Cristina Amado and Timo Teräsvirta (2014) Modelling changes in the unconditional variance of long stock return series, *Journal of Empirical Finance* 25, 15-35.

See Also

[tvgarch](#), [tvgarchSim](#), [zoo](#)

Examples

```
set.seed(123)

## Simulate from a TV(1)-GARCH(1,1) model (default):
ySim <- tvgarchSim(n = 1500)

## Estimate a TV(1)-GARCH(1,1) model:
yEst <- tvgarch(y = ySim)

## Print estimation results:
print(yEst)

## Extract coefficients:
coef(yEst)

## Extract and store conditional variances:
sigma2Est <- fitted(yEst)

## Extract log-likelihood:
logLik(yEst)

## Extract and store standardised residuals:
etaEst <- residuals(yEst)

## Extract variance-covariance matrix:
vcov(yEst)

## Generate predictions:
predict(yEst)
```

dccObj

Auxiliary functions

Description

Auxiliary functions used in the estimation of the multivariate TV(s)-GARCH(p,q,r)-X model. Not intended for the average user.

Usage

```
dccObj(par.dcc, z, sigma2, flag)
```

Arguments

par.dcc	numeric vector containing the ARCH- and GARCH-type coefficients in the dynamic conditional correlations.
z	matrix of standardized residuals.
sigma2	matrix of conditional variances.
flag	integer. If 0, returns a numeric vector with the values of the objective function; if 1 returns the the value of the objective function; if 2, returns the fitted variance components.

Value

The values of the objective function or fitted dynamic conditional correlations.

Author(s)

Susana Campos-Martins

See Also

[mtvgarch](#), [fitted.mtvgarch](#), [residuals.mtvgarch](#)

garchObj

Auxiliary functions

Description

Auxiliary functions used in the estimation of the univariate and multivariate TV(s)-GARCH(p,q,r)-X model. Not intended for the average user.

Usage

```
tv(speed, location, xtv = NULL, n = NULL, opt = 0,
order.g = NULL, as.zoo = TRUE, verbose = FALSE)
tvObj(par.g, fixed.par.g, xtv, opt, order.g, fixed.h, y, iter0, flag)
garchObj(par.h, xreg, order.h, fixed.g, y, flag)
```


Arguments

speed	NULL or numeric vector with the values of the speed coefficients.
location	NULL or numeric vector with the values of the location coefficients.
xtv	NULL or numeric vector, time series or zoo object to include as the transition variable in the TV component. If NULL, a continuous variable bounded between 0 and 1 for n observations is constructed and used as the transition variable.
n	integer indicating the number of observations of the continuous transition variable bounded between 0 and 1.
opt	integer, indicates whether the speed parameter in the TV component should be scaled. If 0, no scaling; if 1, speed/sd(xtv); if 2, exp(speed). For function tv(), the default is 0.
order.g	a scalar in tv() and an integer vector of length s in tvObj() indicating the number of locations in each transition function of the TV component. For function tv(), it defaults to NULL.
as.zoo	logical. If TRUE, then the returned result is of class zoo.
verbose	logical, if TRUE, the values of not only the logistic transition function but also the transition variable are returned.
par.g	numeric vector with the values of the parameters in the TV component. If iter0=TRUE, par.g takes the form c(intercept.g, size, speed, location); if iter0=FALSE, then par.g=c(size,location) and the values of the fixed parameters are provided using fixed.par.g).
fixed.par.g	NULL or numeric vector with the values of the parameters fixed in the TV component of form c(intercept.g,speed).
fixed.h	numeric vector, time series or zoo containing the values of GARCH-X component).
y	numeric vector, time series or zoo object.
iter0	logical. If FALSE, some parameters in the TV component are fixed during the iterative estimation.
flag	integer. If 0, returns a numeric vector with the values of the objective function; if 1 returns the the value of the objective function; if 2, returns the fitted variance components.
par.h	numeric vector with the values of the parameters in the GARCH-X component.
order.h	integer vector of the form c(p,q,r). The first entry controls the GARCH order, the second the ARCH order and the third the asymmetry order of the GARCH-X component.
xreg	numeric vector, times eries or zoo object to include as covariates in the GARCH-X component.
fixed.g	numeric vector, time series or zoo containing the values of TV component).

Value

The values of the objective function or fitted variance components.

Author(s)

Susana Campos-Martins

See Also[tvgarch](#), [fitted.tvgarch](#), [residuals.tvgarch](#)

mtvgarch

*Estimate a multivariate TV-GARCH-X model***Description**

Equation by equation estimation of a multivariate multiplicative TV-GARCH-X model with dynamic conditional correlations. For each variance equation, the long-term or unconditional component (TV) and the short-term or conditional variance component (GARCH-X) are estimated separately using maximization by parts, where the iterative algorithm proceeds until convergence. Conditional on the variance estimates, the dynamic conditional correlations are estimated by maximum likelihood.

Usage

```
mtvgarch(y, order.g = c(1, 1), order.h = NULL, order.x = NULL,
         initial.values = list(), xtv = NULL, xreg = NULL, opt = 2, dcc = FALSE,
         turbo = TRUE, trace = FALSE)
```

Arguments

<code>y</code>	numeric matrix, time series or zoo object.
<code>order.g</code>	integer matrix with each row indicating the number of locations in each transition function of the TV components.
<code>order.h</code>	integer matrix with each row indicating the order.h for each series; the first column controls the GARCH order, the second the ARCH order and the third the asymmetry order of the GARCH-X components. If NULL, the default, all series are assumed to follow a GARCH(1,1,0).
<code>order.x</code>	NULL or binary matrix indicating which xreg variables should be included as covariates in the GARCH-X components. If provided and xreg is NULL, then the selected volatility spillovers are included as covariates.
<code>initial.values</code>	a list containing the initial parameter values passed on to the optimisation routines (constrOptim for the TV component and nlminb for the GARCH-X component). If list(), the default, then the values are chosen automatically. TV component: <code>intercept.g</code> - NULL or numeric vector, <code>size</code> - NULL or numeric matrix containing the size initial coefficients, <code>speed</code> - NULL or numeric matrix containing the speed initial coefficients, <code>location</code> - NULL or numeric matrix containing the location initial coefficients. GARCH-X component: <code>intercept.h</code> - numeric vector, <code>arch</code> - NULL or numeric matrix containing the ARCH initial coefficients, <code>garch</code> - NULL or numeric matrix containing the GARCH-type

	initial coefficients, <code>asym</code> - NULL or numeric matrix containing the asymmetry-type initial coefficients, and <code>par.xreg</code> - NULL or numeric matrix containing the X-type initial coefficients.
<code>xtv</code>	NULL or numeric vector, time series or zoo object to include as the transition variable in the TV component. If NULL, calendar time, scaled between 0 and 1, is used as the transition variable.
<code>xreg</code>	numeric vector, time series or zoo object to include as covariates in the GARCH-X component.
<code>opt</code>	integer indicating whether the speed parameter in the TV component should be scaled. If 0, no scaling; if 1, <code>speed/sd(xtv)</code> ; if 2, <code>exp(speed)</code> .
<code>dcc</code>	logical. If TRUE, dynamic conditional correlations are estimated. If FALSE (default), then the conditional correlations are constant.
<code>turbo</code>	logical. If FALSE (default), then the coefficient variance-covariance is computed during estimation, and the fitted values and residuals are attached to the returned object. If TRUE, then these operations are skipped, and hence estimation is faster. Note, however, that if <code>turbo</code> is set to TRUE, then the coefficient-covariance, fitted values and residuals can still be extracted subsequent to estimation with <code>vcov.mtvgarch</code> , <code>fitted.mtvgarch</code> and <code>residuals.mtvgarch</code> , respectively.
<code>trace</code>	logical. If TRUE all output is printed.

Value

A list of class 'mtvgarch'.

Author(s)

Susana Campos-Martins

References

Cristina Amado and Timo Teräsvirta (2013) Modelling volatility by variance decomposition, *Journal of Econometrics* 175, 142-153. Christian Francq and Jean-Michel Zakoïan (2016) Estimating multivariate volatility models equation by equation, *J. R. Stat. Soc. Ser. B Stat. Methodol* 78, 613-635. Robert F. Engle (2002) Dynamic conditional correlation: A simple class of multivariate generalized autoregressive conditional heteroskedasticity models, *Journal of Business and Economic Statistics* 20, 339-350.

See Also

[tvgarch](#), [garchx](#), [nlminb](#), [constrOptim](#)

Examples

```
set.seed(123)

## Simulate from a bivariate CCC-TV(1)-GARCH(1,1) model (default):
mySim <- mtvgarchSim(n = 1000)
```

```

## Estimate a CCC-TV(1)-GARCH(1,1) model (default):
myEst <- mtvgarch(y = mySim)

## Print estimation results:
print(myEst)

## Extract coefficients:
coef(myEst)

## Extract and store conditional variances:
sigma2Est <- fitted(myEst)

## Extract log-likelihood:
logLik(myEst)

## Extract and store standardised residuals:
etaEst <- residuals(myEst)

## Extract variance-covariance matrix:
vcov(myEst)

## Generate predictions:
predict(myEst)

```

mtvgarchSim

Simulate from a multivariate TV-GARCH-X model

Description

Simulate from a multivariate multiplicative TV(s)-GARCH(p,q,r)-X model.

Usage

```

mtvgarchSim(n, m = 2, order.g = c(1,1), order.h = c(1,1,0, 1,1,0), order.x = NULL,
  intercept.g = c(1.2,1), size = c(3,5), speed = c(10,25),
  location = c(0.5,0.8), intercept.h = c(0.2,0.3), arch = c(0.10,0.05),
  garch = c(0.80,0.90), asym = NULL, xtv = NULL, xreg = NULL, par.xreg = NULL,
  R = c(1,0.6,0.6,1), dcc = FALSE, par.dcc = NULL,
  opt = 0, verbose = FALSE, innovations = NULL)

```

Arguments

n	integer.
m	integer indicating the dimension of the multivariate series.
order.g	integer matrix with each row indicating the number of locations in each transition function of the TV components.
order.h	integer matrix with each row indicating the order.h for each series; the first column controls the GARCH order, the second the ARCH order and the third the asymmetry order of the GARCH-X components.

order.x	NULL or binary matrix indicating which xreg variables should be included as covariates in the GARCH-X components. If provided and xreg is NULL, then the selected volatility spillovers are included as covariates.
intercept.g	NULL or numeric vector.
size	NULL or numeric matrix containing the size initial coefficients.
speed	NULL or numeric matrix containing the speed initial coefficients.
location	NULL or numeric matrix containing the location initial coefficients.
intercept.h	numeric vector.
arch	NULL or numeric matrix containing the ARCH initial coefficients.
garch	NULL or numeric matrix containing the GARCH-type initial coefficients.
asym	NULL or numeric matrix containing the asymmetry-type initial coefficients.
xtv	NULL or numeric vector, time series or zoo object to include as the transition variable in the TV component. If NULL, calendar time, scaled between 0 and 1, is used as the transition variable.
xreg	numeric vector, time series or zoo object to include as covariates in the GARCH-X component.
par.xreg	NULL or numeric matrix containing the covariates initial coefficients.
R	matrix of (constant) conditional correlations.
dcc	logical. If TRUE, dynamic conditional correlations are estimated. If FALSE (default), then the conditional correlations are constant.
par.dcc	numeric vector containing the ARCH- and GARCH-type coefficients in the dynamic conditional correlations.
opt	integer indicating whether the speed parameter in the TV component should be scaled. If 0, no scaling; if 1, speed/sd(xtv); if 2, exp(speed)
verbose	logical, if TRUE, the conditional variance and innovations are also returned.
innovations	NULL or numeric vector with the innovations. If NULL, then standard normal innovations are generated with rnorm .

Value

A numeric vector or matrix with the simulated values.

Author(s)

Susana Campos-Martins

See Also

[mtvgarch](#), [tvgarch](#), [garchx](#), [zoo](#)

Examples

```
## Simulate from a bivariate CCC-TV(1)-GARCH(1,1) model (default):
mySim1 <- mtvgarchSim(n = 1500)
```

```
## Simulate from a bivariate CCC-TV(1)-GARCH(1,1)-X model (with volatility spillovers)
mySim2 <- mtvgarchSim(n = 1500, order.x = c(0,1,1,0), par.xreg = c(0,0.03,0.04,0))
```

 tvgarch

Estimate a TV-GARCH-X model

Description

Quasi Maximum Likelihood (ML) estimation of a univariate multiplicative TV(s)-GARCH(p,q,r)-X model, where s indicates the number and the shape of the transition functions, r is the asymmetry order, p is the ARCH order, q is the GARCH order, and 'X' indicates that covariates can be included. Any transition variable, deterministic or stochastic, can be used to drive the transitions between the variance states. The TV long-term component introduces non-stationarity in the variance process, where the GARCH-X short-term component describes conditional heteroscedasticity. Maximization by parts leads to consistent and asymptotically normal estimates.

Usage

```
tvgarch(y, order.g = 1, order.h = c(1,1,0), xtv = NULL, xreg = NULL,
        initial.values = list(), opt = 2, turbo = FALSE, trace = FALSE)
```

Arguments

y	numeric vector, time series or zoo object.
order.g	integer vector of length s indicating the number of locations in each transition function of the TV component.
order.h	integer vector of the form c(p,q,r). The first entry controls the GARCH order, the second the ARCH order and the third the asymmetry order of the GARCH-X component.
initial.values	a list containing the initial parameter values passed on to the optimisation routines (constrOptim for the TV component and nlminb for the GARCH-X component). If list(), the default, then the values are chosen automatically. TV component: <code>intercept.g</code> - NULL or numeric, <code>size</code> - NULL or numeric vector containing the size initial coefficients, <code>speed</code> - NULL or numeric vector containing the speed initial coefficients, <code>location</code> - NULL or numeric vector containing the location initial coefficients. GARCH-X component: <code>intercept.h</code> - numeric, <code>arch</code> - NULL or numeric vector containing the ARCH initial coefficients, <code>garch</code> - NULL or numeric vector containing the GARCH-type initial coefficients, <code>asym</code> - NULL or numeric vector containing the assymetry-type initial coefficients, and <code>par.xreg</code> - NULL or numeric vector containing the X-type initial coefficients.
xtv	NULL or numeric vector, time series or zoo object to include as the transition variable in the TV component. If NULL, calendar time, scaled between 0 and 1, is used as the transition variable.
xreg	numeric vector, time series or zoo object to include as covariates in the GARCH-X component.
opt	integer indicating whether the speed parameter in the TV component should be scaled. If 0, no scaling; if 1, <code>speed/sd(xtv)</code> ; if 2, <code>exp(speed)</code> .

turbo logical. If FALSE (default), then the coefficient variance-covariance is computed during estimation, and the fitted values and residuals are attached to the returned object. If TRUE, then these operations are skipped, and hence estimation is faster. Note, however, that if turbo is set to TRUE, then the coefficient-covariance, fitted values and residuals can still be extracted subsequent to estimation with `vcov.tvgarch`, `fitted.tvgarch` and `residuals.tvgarch`, respectively.

trace logical. If TRUE all output is printed.

Value

A list of class 'tvgarch'.

Author(s)

Susana Campos-Martins

References

Cristina Amado and Timo Teräsvirta (2013) Modelling volatility by variance decomposition, *Journal of Econometrics* 175, 142-153. Cristina Amado and Timo Teräsvirta (2014) Modelling changes in the unconditional variance of long stock return series, *Journal of Empirical Finance* 25, 15-35.

See Also

[garchx](#), [tvgarchSim](#), [nlminb](#), [constrOptim](#)

Examples

```
set.seed(123)

## Simulate from a TV(1)-GARCH(1,1) model (default):
ySim <- tvgarchSim(n = 1500)

## Estimate a TV(1)-GARCH(1,1) model:
yEst <- tvgarch(y = ySim)

## Print estimation results:
print(yEst)

## Extract coefficients:
coef(yEst)

## Extract and store conditional variances:
sigma2Est <- fitted(yEst)

## Extract log-likelihood:
logLik(yEst)

## Extract and store standardised residuals:
etaEst <- residuals(yEst)
```

```
## Extract variance-covariance matrix:
vcov(yEst)

## Generate predictions:
predict(yEst)
```

tvgarchSim

Simulate from a univariate TV-GARCH-X model

Description

Simulate from a univariate multiplicative TV(s)-GARCH(p,q,r)-X model.

Usage

```
tvgarchSim(n, order.g = 1, order.h = c(1,1,0),
           intercept.g = 1.2, size = 5, speed = 25, location = 0.5, xtv = NULL,
           intercept.h = 0.2, arch = 0.1, garch = 0.8, asym = NULL, xreg = NULL,
           opt = 0, verbose = FALSE, innovations = NULL)
```

Arguments

n	integer.
order.g	integer vector of length s indicating the number of locations in each transition function of the TV component.
order.h	integer vector of the form c(p,q,r). The first entry controls the GARCH order, the second the ARCH order and the third the asymmetry order of the GARCH-X component.
intercept.g	NULL or numeric with the value of the intercept in the TV component.
size	NULL or numeric vector with the values of the size coefficients.
speed	NULL or numeric vector with the values of the speed coefficients.
location	NULL or numeric vector with the values of the location coefficients.
xtv	NULL or numeric vector, time series or zoo object to include as the transition variable in the TV component. If NULL, calendar time, scaled between 0 and 1, is used as the transition variable.
opt	integer indicating whether the speed parameter in the TV component should be scaled. If 0, no scaling; if 1, speed/sd(xtv); if 2, exp(speed).
intercept.h	numeric with the value of the intercept in the GARCH-X component.
arch	NULL or numeric vector with the values of the ARCH-coefficients.
garch	NULL or numeric vector with the values of the GARCH-coefficients.
asym	NULL or numeric vector with the values of the asymmetry-coefficients.
xreg	NULL or numeric vector with the values of the X-term.
verbose	logical, if TRUE, the conditional variance and innovations are also returned.
innovations	NULL or numeric vector with the innovations. If NULL, then standard normal innovations are generated with rnorm .

Value

A numeric vector or matrix with the simulated values.

Author(s)

Susana Campos-Martins

See Also

[tvgarch](#), [garchx](#), [zoo](#)

Examples

```
set.seed(123)

## Simulate from a TV(1)-GARCH(1,1) model (default):
ySim1 <- tvgarchSim(n = 1500)

## Simulate from a TV(2)-GARCH(1,1) model:
ySim2 <- tvgarchSim(n = 1500, order.g = c(1,2), size = c(0.5,-0.4),
                    speed = c(1.5,2), location = c(0.2, 0.5,0.8))

## Simulate from a GARCH(1,1) model:
ySim3 <- tvgarchSim(n = 1500, order.g = NULL)

## Simulate from a TV(1)-GARCH(1,1,1)-X model:
ySim4 <- tvgarchSim(n = 1500, order.h = c(1,1,1), asym = 0.025, xreg = ySim3^2)
```

tvgarchTest

Test of a multiplicative time-varying GARCH model

Description

Compute the non-robust and robust Lagrange-Multiplier (LM-)type test statistics for examining the null hypothesis of constant long-term variance, GARCH(1,1), against the alternative of a smoothly changing long-term component, TV-GARCH(1,1).

Usage

```
tvgarchTest(y, xtv = NULL, alpha = 0.05, trace = TRUE)
```

Arguments

y	numeric vector, time series or zoo object.
xtv	NULL or numeric vector, time series or zoo object to include as the transition variable in the TV component. If NULL, calendar time, scaled between 0 and 1, is used as the transition variable.
alpha	the significance level.
trace	logical, if TRUE all output is printed.

Value

The number of location parameters in the single transition function.

Author(s)

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References

Cristina Amado and Timo Teräsvirta (2017) Specification and testing of multiplicative time varying GARCH models with applications, *Econometric Reviews* 36:4, 421-446.

See Also

[tvgarch](#), [garchx](#), [tvgarchSim](#)

Examples

```
set.seed(123)

## Simulate from a TV(1)-GARCH(1,1) model (default):
ySim <- tvgarchSim(n = 1500)

## Test of a TV(1)-GARCH(1,1) model:
orderG1 <- tvgarchTest(y = ySim)

## Estimate a TV(1)-GARCH(1,1) model:
yEst <- tvgarch(y = ySim, order.g = orderG1)
```

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