Contents

1 Introduction ............................................................................................................. 1
  1.1 Time Series Problems ..................................................................................... 1

2 Basic Concepts ...................................................................................................... 11
  2.1 Random Variables ......................................................................................... 11
  2.2 Normal Distribution ....................................................................................... 14
  2.3 Conditional Densities .................................................................................... 17
  2.4 Functions of Random Variables .................................................................... 18
  2.5 Linear Regression .......................................................................................... 20
  2.6 General Estimation Theory ........................................................................... 23
  2.7 Exercises ......................................................................................................... 26

3 Periodogram and Lagged Product Autocorrelation ............................................ 29
  3.1 Stochastic Processes ....................................................................................... 29
  3.2 Autocorrelation Function ............................................................................... 31
  3.3 Spectral Density Function .............................................................................. 33
  3.4 Estimation of Mean and Variance ................................................................... 38
  3.5 Autocorrelation Estimation ........................................................................... 40
  3.6 Periodogram Estimation ................................................................................ 49
  3.7 Summary of Nonparametric Methods ............................................................ 55
  3.8 Exercises ......................................................................................................... 56

4 ARMA Theory ........................................................................................................ 59
  4.1 Time Series Models ....................................................................................... 59
  4.2 White Noise ..................................................................................................... 60
  4.3 Moving Average Processes ............................................................................ 61
    4.3.1 MA(1) Process with Zero Outside the Unit Circle ................................... 63
  4.4 Autoregressive Processes .............................................................................. 63
    4.4.1 AR(1) Processes .................................................................................... 64
    4.4.2 AR(1) Processes with a Pole Outside the Unit Circle ........................... 68
    4.4.3 AR(2) Processes ................................................................................... 69
    4.4.4 AR(p) Processes .................................................................................... 72
  4.5 ARMA(p,q) Processes .................................................................................... 74
  4.6 Harmonic Processes with Poles on the Unit Circle ........................................ 78
## Contents

9.7 ARMASA Applied to Simulated Random Data ........................................... 235
9.8 ARMASA Applied to Real-life Data ......................................................... 236
  9.8.1 Turbulence Data .............................................................................. 236
  9.8.2 Radar Data ....................................................................................... 243
  9.8.3 Satellite Data ..................................................................................... 244
  9.8.4 Lung Noise Data ............................................................................... 245
  9.8.5 River Data ......................................................................................... 246
9.9 Exercises ................................................................................................. 248

ARMA ToolBox .............................................................................................. 250

10 Advanced Topics in Time Series Estimation ............................................. 251
  10.1 Accuracy of Lagged Product Autocovariance Estimates ......................... 251
  10.2 Generation of Data ............................................................................... 262
  10.3 Subband Spectral Analysis .................................................................. 264
  10.4 Missing Data ......................................................................................... 268
  10.5 Irregular Data ....................................................................................... 276
    10.5.1 Multishift, Slotted, Nearest-neighbour Resampling ......................... 282
    10.5.2 ARMAsel for Irregular Data ........................................................... 283
    10.5.3 Performance of ARMAsel for Irregular Data ................................. 284
  10.6 Exercises ............................................................................................... 286

Bibliography .................................................................................................. 287

Index ............................................................................................................... 295