

ON AN UNBIASED LINEAR PREDICTOR OF A MULTIDIMENSIONAL NONSTATIONARY PROCESS

By

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§ 1. Summary

The prediction problem of a univariate nonstationary process represented by the sum of a polynomial mean value function and a stationary process has been discussed by G. E. P. Box and G. M. Jenkins [1]. It is our aim to consider the same problem in a multivariate case. The result may be regarded as a multivariate analogue of the result of E. Parzen [2] in the univariate case.

§ 2. Assumptions and notations

We deal with a n -dimensional nonstationary process $\mathbf{X}(t)$, $t = \dots, -1, 0, 1, \dots$. We shall consider a problem of predicting the value of $\mathbf{X}(t+\tau)$ on the basis of p previous m -dimensional observation vectors $\mathbf{Z}(t)$, $\mathbf{Z}(t-1)$, \dots , $\mathbf{Z}(t-p+1)$. We shall restrict ourselves to the linear predictor of the form

$$\sum_{s=0}^{p-1} \boldsymbol{\mu}(s) \mathbf{Z}(t-s)$$

with the condition of unbiasedness

$$E[\mathbf{X}(t+\tau)] = E\left[\sum_{s=0}^{p-1} \boldsymbol{\mu}(s) \mathbf{Z}(t-s)\right],$$

where $\boldsymbol{\mu}(s)$ is a $n \times m$ matrix, $p > n$ and $m \geq n$. We need the following assumptions and notations.

Assumptions

A 1. The process $\mathbf{X}(t)$ is represented as the sum of two functions:

$$\mathbf{X}(t) = \mathbf{M}(t) + \boldsymbol{\xi}(t).$$

We call a n -dimensional vector $\mathbf{M}(t)$ the mean value vector, and the i -th component $M_i(t)$ of $\mathbf{M}(t)$ can be represented by a polynomial of t of known degree $0 \leq d_i < p-1$ for $i=1, 2, \dots, n$. $\boldsymbol{\xi}(t)$ is a n -dimensional stationary process with zero mean vector and known $n \times n$ stationary covariance matrices $\mathbf{R}(t)$, $t = \dots, -1, 0, 1, \dots$, where $\mathbf{R}(t-s)$

where a m -dimensional vector h_i is the i -th column of the matrix \mathbf{H} for all $i=1, 2, \dots, n$.

N 4.

$$\mathbf{c}(s, i) \left[\sum_{j=1}^n (d_j + 1) \times 1 \right] = \begin{pmatrix} \mathbf{0}_{d_1+1} \\ \vdots \\ \mathbf{0}_{d_{i-1}+1} \\ 1 \\ \vdots \\ s \\ \vdots \\ s^2 \\ \vdots \\ s^{d_i} \\ \vdots \\ \mathbf{0}_{d_{i+1}+1} \\ \vdots \\ \mathbf{0}_{d_n+1} \end{pmatrix}$$

where $\mathbf{0}_{d_j+1}$ is a $(d_j + 1)$ -dimensional zero vector for all $j=1, 2, \dots, n$.

N 5. \mathbf{I}_p is a $p \times p$ unite matrix.

N 6.

$$\mathbf{C} \left[\sum_{i=1}^n (d_i + 1) \times n \right] = (\mathbf{c}(-\tau, 1), \mathbf{c}(-\tau, 2), \dots, \mathbf{c}(-\tau, n))$$

N 7.

$$\mathbf{Z} [mp \times 1] = \begin{pmatrix} \mathbf{Z}(t) \\ \mathbf{Z}(t-1) \\ \vdots \\ \mathbf{Z}(t-p+1) \end{pmatrix}$$

§ 3. The best linear unbiased predictor

Lemma 1. The covariance matrix $\mathbf{T}(\cdot)$ of the process $\mathbf{Z}(t)$ is given by

$$\mathbf{T}(t) = \mathbf{H}\mathbf{R}(t)\mathbf{H}' + \mathbf{S}(t) \quad \text{for all } t.$$

Also the following relations hold:

$$\text{Cov}(\mathbf{X}(t), \mathbf{Z}'(s)) = \mathbf{R}(t-s)\mathbf{H}',$$

$$\text{Cov}(\mathbf{Z}(t), \mathbf{X}'(s)) = \mathbf{H}\mathbf{R}(t-s),$$

$$\mathbf{R}(t-s) = \mathbf{R}'(s-t),$$

$$\mathbf{S}(t-s) = \mathbf{S}'(s-t)$$

and

$$\mathbf{T}(t-s) = \mathbf{T}'(s-t).$$

Lemma 2. The covariance matrix of the prediction error

$$\mathbf{e}(t, \tau) = \mathbf{X}(t + \tau) - \sum_{s=0}^{p-1} \boldsymbol{\mu}(s) \mathbf{Z}(t - s)$$

is given by

$$\mathbf{R}(0) - \sum_{j=0}^{p-1} \mathbf{R}(\tau + j) \mathbf{H}' \boldsymbol{\mu}'(j) - \sum_{k=0}^{p-1} \boldsymbol{\mu}(k) \mathbf{H} \mathbf{R}'(\tau + k) + \sum_{k=0}^{p-1} \sum_{j=0}^{p-1} \boldsymbol{\mu}(k) \mathbf{T}(j - k) \boldsymbol{\mu}'(j).$$

An unbiased linear predictor is said to be the best when the trace of the covariance matrix of the prediction error is minimized. In order to derive the best one, we evaluate the trace of the error matrix.

Lemma 3. Under the unbiasedness $E[\mathbf{X}(t + \tau)] = E[\sum_{s=0}^{p-1} \boldsymbol{\mu}(s) \mathbf{Z}(t - s)]$ we have

$$\text{tr Cov}(\mathbf{e}(t, \tau), \mathbf{e}'(t, \tau))$$

$$= \text{tr } \mathbf{R}(0) - 2 \sum_{i=1}^n \boldsymbol{\mu}'_i (\mathbf{I}_p \otimes \mathbf{H}) \mathbf{R}_i + \sum_{i=1}^n \boldsymbol{\mu}'_i \mathbf{T} \boldsymbol{\mu}_i,$$

where \otimes denotes the Kronecker product.

Lemma 4. A necessary and sufficient condition for the linear predictor $\sum_{s=0}^n \boldsymbol{\mu}(s) \mathbf{Z}(t - s)$ to be unbiased is

$$\mathbf{B}' \boldsymbol{\mu}_i = \mathbf{c}(-\tau, i) \quad \text{for all } \boldsymbol{\mu}_i, i = 1, 2, \dots, n.$$

It is easy to show that $\text{rank}(\mathbf{B}) = \sum_{i=1}^n (d_i + 1)$ and $\mathbf{B}' \mathbf{T}^{-1} \mathbf{B}$ is positive definite, so we can obtain the best unbiased linear predictor by the Lagrange's multiplier.

Theorem 1. The best unbiased linear predictor $\hat{\mathbf{X}}(t + \tau)$ which minimizes the trace of the covariance matrix of the prediction error subject to the unbiasedness is given by

$$(1) \quad \hat{\mathbf{X}}(t + \tau) = \mathbf{R}'(\mathbf{I}_p \otimes \mathbf{H})' \mathbf{T}^{-1} \mathbf{Z} + (\mathbf{C}' - \mathbf{R}'(\mathbf{I}_p \otimes \mathbf{H})' \mathbf{T}^{-1} \mathbf{B}) (\mathbf{B}' \mathbf{T}^{-1} \mathbf{B})^{-1} \mathbf{B}' \mathbf{T}^{-1} \mathbf{Z}$$

with a covariance matrix

$$(2) \quad \text{Cov}(\hat{\mathbf{X}}(t + \tau), \hat{\mathbf{X}}'(t + \tau)) = \mathbf{C}' (\mathbf{B}' \mathbf{T}^{-1} \mathbf{B})^{-1} \mathbf{C} \\ + \mathbf{R}'(\mathbf{I}_p \otimes \mathbf{H})' (\mathbf{T}^{-1} - \mathbf{T}^{-1} \mathbf{B} (\mathbf{B}' \mathbf{T}^{-1} \mathbf{B})^{-1} \mathbf{B}' \mathbf{T}^{-1}) (\mathbf{I}_p \otimes \mathbf{H}) \mathbf{R}.$$

We now consider the estimate of the mean value function.

Theorem 2. Let us put

$$M_i(t - s) = \sum_{j=1}^{d_i+1} a_{ij} s^{j-1}$$

where t is the present time. Then the minimum variance unbiased linear estimate $\hat{M}_i(t - s)$ of $M_i(t - s)$ is given by

$$(3) \quad \hat{M}_i(t-s) = \mathbf{c}'(s, i)(\mathbf{B}'\mathbf{T}^{-1}\mathbf{B})^{-1}\mathbf{B}'\mathbf{T}^{-1}\mathbf{Z}$$

and

$$(4) \quad \hat{\mathbf{M}}(t-s) = \begin{pmatrix} \hat{M}_1(t-s) \\ \hat{M}_2(t-s) \\ \vdots \\ \hat{M}_n(t-s) \end{pmatrix} = \begin{pmatrix} \mathbf{c}'(s, 1) \\ \mathbf{c}'(s, 2) \\ \vdots \\ \mathbf{c}'(s, n) \end{pmatrix} (\mathbf{B}'\mathbf{T}^{-1}\mathbf{B})^{-1}\mathbf{B}'\mathbf{T}^{-1}\mathbf{Z}.$$

On the other hand, in case when the mean value functions were known, we have:

Theorem 3. *In the case where all mean vectors $\mathbf{M}(t)$, $t = \dots, -1, 0, 1, \dots$ are known, the best unbiased linear predictor $\tilde{\mathbf{X}}(t+\tau)$ is given by*

$$(5) \quad \tilde{\mathbf{X}}(t+\tau) = \mathbf{M}(t+\tau) + \mathbf{R}'(\mathbf{I}_p \otimes \mathbf{H})'\mathbf{T}^{-1}(\mathbf{Z} - \mathbf{HM})$$

with the covariance matrix

$$(6) \quad \text{Cov}(\tilde{\mathbf{X}}(t+\tau), \tilde{\mathbf{X}}'(t+\tau)) = \mathbf{R}'(\mathbf{I}_p \otimes \mathbf{H})'\mathbf{T}^{-1}(\mathbf{I}_p \otimes \mathbf{H})\mathbf{R},$$

where

$$\mathbf{HM} = \begin{pmatrix} \mathbf{HM}(t) \\ \mathbf{HM}(t-1) \\ \vdots \\ \mathbf{HM}(t-p+1) \end{pmatrix}.$$

If we substitute the best linear unbiased estimate of the mean value function (4) in place of the mean value function in (5), it turns out to be equal to (1). Thus we have:

Theorem 4. *This result may be regarded as a multivariate analogue of the minimum variance linear unbiased predictor derived by E. Parzen [2].*

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References

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