ON THE INVERSION OF THE SAMPLE COVARIANCE MATRIX IN A STATIONARY AUTOREGRESSIVE PROCESS[1]

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Let $x_1, \cdots, x_N$ be the observations on a variate at times $t = 1, \cdots, N$. It is assumed that the underlying model is an autoregressive scheme of order k

(1) $$a_0 x_t + a_1 x_{t-1} + \cdots + a_k x_{t-k} = z_t,$$

where z's are independent $N(0, 1)$ variates and the roots of the equation

$$\sum_{j=0}^{k} a_j y^j = 0$$

lie inside the unit circle $|y| = 1$ in the complex plane. The variate z_t is, then, independent of $x_{t-1}, x_{t-2}, \cdots$ ([2], p. 38). It is further assumed that the process is stationary so that $E\, x_t$, $E\, x_t x_{t+j}$, $j = 0, 1, 2, \cdots$ are independent of t. Writing σ_x^2 for the variance of any x, we observe that since $E\, x_t = 0$, $\sigma_x^2 = E\, x_t^2$. We define autocorrelation between x_t and x_s by

(2) $$\gamma_{|t-s|} = E\, x_t x_s / \sigma_x^2$$

so that γ_t satisfies Eq. (1) with z_t replaced by zero and $\gamma_{-t} = \gamma_t$.

Let X_j stand for the column vector of the first j observations and X_j' for its transpose, i.e.,

(3) $$X_j' = (x_1, \cdots, x_j), \qquad j = 1, 2, \cdots, N.$$

Also write A_j for the covariance matrix of the vector X_j, i.e.,

(4) $$A_j = \sigma_x^2 \begin{bmatrix} 1 & \gamma_1 & \gamma_2 & \cdots & \gamma_{j-1} \\ \gamma_1 & 1 & \gamma_1 & \cdots & \gamma_{j-2} \\ \cdots & \cdots & \cdots & \cdots & \cdots \\ \gamma_{j-1} & \gamma_{j-2} & \gamma_{j-3} & \cdots & 1 \end{bmatrix},$$

for $j = 1, 2, \cdots, N$. We note here that the matrix A_j is persymmetric, i.e., symmetric about both the diagonals. This property will be used to obtain A_N^{-1}.

The distribution of X_N is given by

(5) $$dF(X_N) = (2\pi)^{-N/2} |A_N|^{-1/2} \exp\left[-\tfrac{1}{2}(X_N' A_N^{-1} X_N)\right] dX_N.$$

J. Wise [1] has given a method of finding A_N^{-1} using the spectral density function. We propose here another method of obtaining A_N^{-1} based on the symmetric property of A_N.

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[2] At present with the Boulder Laboratories, National Bureau of Standards.

The distribution of $x_1, \cdots, x_k, z_{k+1}, \cdots, z_N$ is given by

$$dF(x_1, \cdots, x_k, z_{k+1}, \cdots, z_N) = (2\pi)^{-N/2} | A_k |^{-1/2} \exp\left[-\frac{1}{2}\left\{ X_k' A_k^{-1} X_k + \sum_{t=k+1}^{N} z_t^2 \right\}\right] dX_k \, dz_{k+1} \cdots dz_N.$$

We shall assume here that $N > 2k$. Considering (1) as a transformation from z_t to x_t for $t = k + 1, \cdots, N$, we obtain the distribution of X_N as

$$dF(X_N) = (2\pi)^{-N/2} a_0^{N-k} | A_k |^{-1/2} \exp\left[-\frac{1}{2}\left\{ X_k' A_k^{-1} X_k + \sum_{t=k+1}^{N} \left(\sum_{i=0}^{k} a_i x_{t-i} \right)^2 \right\}\right] dX_N. \tag{6}$$

Comparing (5) and (6) we have

$$a_0^{2N} | A_N | = a_0^{2k} | A_k | \tag{7}$$

and

$$X_N' A_N^{-1} X_N = X_k' A_k^{-1} X_k + \sum_{t=k+1}^{N} \left(\sum_{i=0}^{k} a_i x_{t-i} \right)^2. \tag{8}$$

Let C_N be the $N \times N$ matrix which has A_k^{-1} in the upper right-hand corner and zeroes elsewhere, i.e.,

$$C_N = \begin{bmatrix} A_k^{-1} & 0 \\ 0 & 0 \end{bmatrix}, \tag{9}$$

and B_N be the matrix of the quadratic form in the second term on the right of Eq. (8), i.e.,

$$\sum_{t=k+1}^{N} \left(\sum_{i=0}^{k} a_i x_{t-i} \right)^2 = X_N' B_N X_N, \tag{10}$$

so that we have

$$A_N^{-1} = B_N + C_N. \tag{11}$$

Denoting by a_{ij}, b_{ij}, and c_{ij}, $i, j = 1, 2, \cdots, N$, the elements in the ith row and jth column of the matrices A_N^{-1}, B_N, and C_N respectively, we have

$$a_{ij} = b_{ij} + c_{ij}. \tag{12}$$

But $c_{ij} = 0$ if either i or $j > k$. Hence

$$a_{ij} = b_{ij} \text{ if either } i \text{ or } j > k. \tag{13}$$

Now B_N is completely known. In fact, assuming $j \geqq i$,

$$b_{ji} = b_{ij} = \begin{cases} \sum_{t=k+1}^{k+i} a_{t-i} a_{t-j} & \text{for } j \leqq k, \\ 0 & \text{for } i + k < j \leqq N, \quad i \leqq N - k, \\ \sum_{t=j}^{k+i} a_{t-i} a_{t-j} & \text{for } k + 1 \leqq j \leqq i + k, \quad i \leqq N - k, \\ \sum_{t=j}^{N} a_{t-i} a_{t-j} & \text{for } i \geqq N - k + 1. \end{cases} \tag{14}$$

Thus all the a_{ij}, except those for which both i and j are less than or equal to k, are known. Now, since A_N is persymmetric, so is A_N^{-1}. Therefore

$$a_{ji} = a_{ij} = a_{N-i+1,N-j+1}, \qquad i, j = 1, 2, \cdots, N. \tag{15}$$

Using (13) and remembering that $N > 2k$, we have

$$a_{ij} = a_{ji} = b_{N-i+1,N-j+1} \qquad \text{for } i, j = 1, 2, \cdots, k. \tag{16}$$

Thus A_N^{-1} is completely determined. We now use relations (12) to obtain all the elements of A_k^{-1}. Once A_k^{-1} is known, we can find A_N^{-1} for any $N \geqq k$ using (6).

If k is less than 5, we can directly compute A_k^{-1} and then use Eq. (6) to obtain A_N^{-1}.

Illustration. Let $k = 2$. The distribution of X_N is

$$dF(X_N) = (2\pi)^{-N/2} a_0^{N-2} | A_2 |^{-1/2} \cdot \exp\left[-\frac{1}{2}\left\{X_2' A_2^{-1} X_2 + \sum_{t=3}^{N} (a_0 x_t + a_1 x_{t-1} + a_2 x_{t-2})^2\right\}\right] dX_N,$$

so that

$$B_N = \begin{bmatrix} a_2^2 & a_1 a_2 & a_0 a_2 & 0 & \cdots & 0 & 0 \\ a_1 a_2 & a_1^2 + a_2^2 & a_0 a_1 + a_1 a_2 & a_0 a_2 & \cdots & 0 & 0 \\ a_0 a_2 & a_0 a_1 + a_1 a_2 & a_0^2 + a_1^2 + a_2^2 & a_0 a_1 + a_1 a_2 & \cdots & 0 & 0 \\ \cdots & \cdots & \cdots & \cdots & \cdots & \cdots & \cdots \\ \cdots & \cdots & \cdots & \cdots & \cdots & \cdots & \cdots \\ 0 & 0 & 0 & 0 & \cdots & a_0^2 + a_1^2 & a_0 a_1 \\ 0 & 0 & 0 & 0 & \cdots & a_0 a_1 & a_0^2 \end{bmatrix}.$$

Hence

$$A_N^{-1} = \begin{bmatrix} a_0^2 & a_0 a_1 & a_0 a_2 & 0 & \cdots & 0 & 0 \\ a_0 a_1 & a_0^2 + a_1^2 & a_0 a_1 + a_1 a_2 & a_0 a_2 & \cdots & 0 & 0 \\ a_0 a_2 & a_0 a_1 + a_1 a_2 & a_0^2 + a_1^2 + a_2^2 & a_0 a_1 + a_1 a_2 & \cdots & 0 & 0 \\ \cdots & \cdots & \cdots & \cdots & \cdots & \cdots & \cdots \\ \cdots & \cdots & \cdots & \cdots & \cdots & \cdots & \cdots \\ 0 & 0 & 0 & 0 & \cdots & a_0^2 + a_1^2 & a_0 a_1 \\ 0 & 0 & 0 & 0 & \cdots & a_0 a_1 & a_0^2 \end{bmatrix},$$

$$A_2^{-1} = \begin{bmatrix} a_0^2 - a_2^2 & a_0 a_1 - a_1 a_2 \\ a_0 a_1 - a_1 a_2 & a_0^2 - a_2^2 \end{bmatrix},$$

$$| A_2^{-1} | = (a_0^2 - a_2^2)^2 - (a_0 - a_2)^2 a_1^2,$$

and

$$a_0^{2N} \mid A_N \mid = a_0^4[(a_0^2 - a_2^2)^2 - (a_0 - a_2)^2 a_1^2]^{-1}.$$

It may be mentioned here that Ulf Gernander and Murray Rosenblatt ([2], pp. 238–239) have considered asymptotic properties of A_N^{-1} as N tends to infinity. They, however, do not attempt to determine the k^2 elements standing in the first k rows and the first k columns of A_N^{-1}, although they suggest a method of orthogonalization of the vector X_N.

REFERENCES

[1] J. Wise, "The autocorrelation function and the spectral density function," *Biometrika*, Vol. 42 (1955), pp. 151–159.

[2] Ulf Gernander and Murray Rosenblatt, *Statistical Analysis of Stationary Time Series*, John Wiley and Sons, New York, 1957.

A PROBLEM OF BERKSON, AND MINIMUM VARIANCE ORDERLY ESTIMATORS[1]

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1. Summary. The distinction between efficiency in the asymptotic sense originally introduced by Fisher ([2], 1925, p. 703), and the finite sample sense sometimes used by others has been recently stressed by various writers (e.g., Berkson [1]). The technique of proof used below was originally developed to provide a simple example where the maximum likelihood estimate of location, though asymptotically efficient, was not of minimum variance for any finite sample size whatever. The (symmetrical) double exponental distribution with known scale, where the sample median is the maximum likelihood estimator of location, could easily be shown to be such an example. (While this result is useful in deflating unwarranted views about minimum variance properties of maximum likelihood estimates, Fisher's ([2], p. 716) results about intrinsic accuracy in the same situation are of more basic interest.)

On examination, however, the technique used to provide this rather isolated and special result was found capable of showing, for a class of distributions with suitable monotony properties (in particular all distributions for which $f'(y)/f(y)$ is monotone decreasing, and all normal, exponential, gamma and beta distributions), that the covariances of the order statistics in a sample of any chosen size are monotone in either index separately.

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