Contents

Preface v

1. Introduction 1

Appendix 9
Exercises 11

2. Normal Approximations to Likelihoods and to Posteriors 14

2.1. Likelihood/Posterior Density 14
2.2. Specification of the Prior 21
2.3. Maximum Likelihood 26
2.4. Normal-Based Inference 31
2.5. The δ-Method (Propagation of Errors) 34
2.6. Highest Posterior Density Regions 34
Exercises 36

3. Nonnormal Approximations to Likelihoods and Posteriors 40

3.1. Numerical Integration 40
3.2. Posterior Moments and Marginalization Based on Laplace's Method 44
3.3. Monte Carlo Methods 51
Exercises 59

4. The *EM* Algorithm 64

4.1. Introduction 64
4.2. Theory 70
4.3. *EM* in the Exponential Family 71
4.4. Standard Errors in the Context of *EM* 74
4.5. Monte Carlo Implementation of the *E*-Step 80
4.6. Acceleration of *EM* (Louis' Turbo *EM*) 84
4.7. Facilitating the *M*-Step 85

Exercises 86

5. The Data Augmentation Algorithm 90

5.1. Introduction and Motivation 90
5.2. Computing and Sampling from the Predictive Distribution 101
5.3. Calculating the Content and Boundary of the HPD Region 103
5.4. Remarks on the General Implementation of the Data Augmentation Algorithm 106
5.5. Overview of the Convergence Theory of Data Augmentation 110
5.6. Poor Man's Data Augmentation Algorithms 112
5.7. Sampling/Importance Resampling (*SIR*) 117
5.8. General Imputation Methods 119
5.9. Further Importance Sampling Ideas 127
5.10. Sampling in the Context of Multinomial Data 130
Exercises 135

6. Markov Chain Monte Carlo: The Gibbs Sampler and the Metropolis Algorithm 137

6.1. Introduction to the Gibbs Sampler 137
6.2. Examples 143
6.3. Assessing Convergence of the Chain 152
6.4. The Griddy Gibbs Sampler 164
6.5. The Metropolis Algorithm 174
6.6. Conditional Inference via the Gibbs Sampler 182
Exercises 188

References 193

Subject Index 203