

Contents

1	Multivariate Linear Regression	1
1.1	Introduction	1
1.2	Multivariate Linear Regression Model and Least Squares Estimator	3
1.3	Further Inference Properties in the Multivariate Regression Model	5
1.4	Prediction in the Multivariate Linear Regression Model	10
1.5	Numerical Examples	12
1.5.1	Biochemical Data	12
1.5.2	Sales Performance Data	15
2	Reduced-Rank Regression Model	19
2.1	The Basic Reduced-Rank Model and Background	19
2.2	Some Examples of Application of the Reduced-Rank Model	24
2.3	Estimation of Parameters in the Reduced-Rank Model	29
2.4	Relation to Principal Components and Canonical Correlation Analysis	39
2.4.1	Principal Components Analysis	39
2.4.2	Application to Functional and Structural Relationships Models	40
2.4.3	Canonical Correlation Analysis	42
2.5	Asymptotic Distribution of Estimators in Reduced-Rank Model	45
2.6	Identification of Rank of the Regression Coefficient Matrix	55
2.7	Reduced-Rank Inverse Regression for Estimating Structural Dimension	59
2.8	Numerical Examples	60
2.9	Alternate Procedures for Analysis of Multivariate Regression Models	64

3	Reduced-Rank Regression Models with Two Sets of Regressors	75
3.1	Reduced-Rank Model of Anderson.....	75
3.2	Application to One-Way ANOVA and Linear Discriminant Analysis.....	82
3.3	Numerical Example Using Chemometrics Data	85
3.4	Both Regression Matrices of Lower Ranks: Model and Its Applications.....	90
3.5	Estimation and Inference for the Model.....	92
3.5.1	Efficient Estimator	93
3.5.2	An Alternative Estimator.....	97
3.5.3	Asymptotic Inference.....	98
3.6	Identification of Ranks of Coefficient Matrices.....	103
3.7	An Example on Ozone Data	105
3.8	Conclusion.....	110
4	Reduced-Rank Regression Model With Autoregressive Errors	113
4.1	Introduction and the Model	113
4.2	Example on the U.K. Economy: Basic Data and Their Descriptions	115
4.3	Maximum Likelihood Estimators for the Model.....	115
4.4	Computational Algorithms for Efficient Estimators	121
4.5	Alternative Estimators and Their Properties	123
4.5.1	A Comparison Between Efficient and Other Estimators..	125
4.6	Identification of Rank of the Regression Coefficient Matrix	127
4.7	Inference for the Numerical Example	128
4.8	An Alternate Estimator with Kronecker Approximation	131
4.8.1	Computational Results	132
5	Multiple Time Series Modeling With Reduced Ranks	135
5.1	Introduction and Time Series Models	135
5.2	Reduced-Rank Autoregressive Models.....	138
5.2.1	Estimation and Inference	138
5.2.2	Relationship to Canonical Analysis of Box and Tiao.....	140
5.3	An Extended Reduced-Rank Autoregressive Model	141
5.4	Nested Reduced-Rank Autoregressive Models	144
5.4.1	Specification of Ranks.....	144
5.4.2	A Canonical Form	145
5.4.3	Maximum Likelihood Estimation.....	146
5.5	Numerical Example: U.S. Hog Data	148
5.6	Relationship Between Nonstationarity and Canonical Correlations	157
5.7	Cointegration for Nonstationary Series—Reduced Rank in Long Term	161
5.7.1	LS and ML Estimation and Inference	164
5.7.2	Likelihood Ratio Test for the Number of Cointegrating Relations	169

5.8	Unit Root and Cointegration Aspects for the U.S. Hog Data Example.....	170
6	The Growth Curve Model and Reduced-Rank Regression	
	Methods	177
6.1	Introduction and the Growth Curve Model	177
6.2	Estimation of Parameters in the Growth Curve Model	179
6.3	Likelihood Ratio Testing of Linear Hypotheses in Growth Curve Model.....	184
6.4	An Extended Model for Growth Curve Data.....	188
6.5	Modification of Basic Growth Curve Model to Reduced-Rank Model	191
6.6	Reduced-Rank Growth Curve Models	194
6.6.1	Extensions of the Reduced-Rank Growth Curve Model ..	199
6.7	Application to One-way ANOVA and Linear Discriminant Analysis.....	202
6.8	A Numerical Example	205
6.9	Some Recent Developments	210
7	Seemingly Unrelated Regressions Models With Reduced Ranks	213
7.1	Introduction and the Seemingly Unrelated Regressions Model	213
7.2	Relation of Growth Curve Model to the Seemingly Unrelated Regressions Model	216
7.3	Reduced-Rank Coefficient in Seemingly Unrelated Regressions Model	217
7.4	Maximum Likelihood Estimators for Reduced-Rank Model	219
7.5	An Alternate Estimator and Its Properties	222
7.6	Identification of Rank of the Regression Coefficient Matrix	225
7.7	A Numerical Illustration with Scanner Data	227
7.8	Some Recent Developments	235
8	Applications of Reduced-Rank Regression in Financial Economics	239
8.1	Introduction to Asset Pricing Models	239
8.2	Estimation and Testing in the Asset Pricing Model	242
8.3	Additional Applications of Reduced-Rank Regression in Finance	248
8.4	Empirical Studies and Results on Asset Pricing Models	249
8.5	Related Topics	251
8.6	An Application	254
8.7	Cointegration and Pairs Trading	256
9	Partially Reduced-Rank Regression with Grouped Responses	259
9.1	Introduction: Partially Reduced-Rank Regression Model	260
9.2	Estimation of Parameters	261
9.3	Test for Rank and Inference Results.....	264
9.4	Procedures for Identification of Subset Reduced-Rank Structure..	266
9.5	Illustrative Examples	268
9.6	Discussion and Extensions.....	275

10	High-Dimensional Reduced-Rank Regression	279
10.1	Introduction	279
10.2	Overview of High-Dimensional Regularized Regression	280
10.3	Framework of Singular Value Regularization	285
10.4	Reduced-Rank Regression via Adaptive Nuclear-Norm Penalization	289
10.4.1	Adaptive Nuclear Norm	290
10.4.2	Adaptive Nuclear-Norm Penalized Regression	292
10.4.3	Theoretical Analysis	294
10.5	Integrative Reduced-Rank Regression: Bridging Sparse and Low-Rank Models	298
10.5.1	Composite Nuclear-Norm Penalization	300
10.5.2	Theoretical Analysis	301
10.6	Applications	305
10.6.1	Breast Cancer Data	305
10.6.2	Longitudinal Studies of Aging	307
11	Unbiased Risk Estimation in Reduced-Rank Regression	311
11.1	Introduction	311
11.2	Degrees of Freedom	312
11.3	Degrees of Freedom of Reduced-Rank Estimation	314
11.4	Comparing Empirical and Exact Estimators	319
11.4.1	Simulation Setup	319
11.4.2	Comparing Estimators of the Degrees of Freedom	320
11.4.3	Performance on Estimating the Prediction Error	322
11.4.4	Performance on Model Selection	323
11.5	Applications	325
11.5.1	Norwegian Paper Quality Data	325
11.5.2	Arabidopsis Thaliana Data	326
12	Generalized Reduced-Rank Regression	329
12.1	Introduction	329
12.2	Robust Reduced-Rank Regression	330
12.2.1	Non-Robustness of Reduced-Rank Regression	330
12.2.2	Robustification with Sparse Mean Shift	333
12.2.3	Theoretical Analysis	337
12.3	Reduced-Rank Estimation with Incomplete Data	340
12.3.1	Noiseless Matrix Completion	341
12.3.2	Stable Matrix Completion	344
12.3.3	Computation	345
12.4	Generalized Reduced-Rank Regression with Mixed Outcomes	347
12.5	Applications	351
12.5.1	Arabidopsis Thaliana data	351
12.5.2	Longitudinal Studies of Aging	354

13 Sparse Reduced-Rank Regression 357

 13.1 Introduction 357

 13.2 Sparse Reduced-Rank Regression 358

 13.2.1 Sparse Reduced-Rank Regression for Predictor Selection 358

 13.2.2 Computation 361

 13.2.3 Theoretical Analysis 362

 13.3 Co-sparse Factor Regression 363

 13.3.1 Model Formulation and Deflation Procedures 363

 13.3.2 Co-sparse Unit-Rank Estimation 367

 13.3.3 Theoretical Analysis 368

 13.4 Applications 371

 13.4.1 Yeast eQTL Mapping Analysis 371

 13.4.2 Forecasting Macroeconomic and Financial Indices 374

Appendix 379

References 385

Subject Index 403

Reference Index 407