

Package ‘IOLS’

November 24, 2022

Title Iterated Ordinary Least Squares Regression

Version 0.1.1

Description Addresses the 'log of zero' by developing a new family of estimators called iterated Ordinary Least Squares. This family nests standard approaches such as log-linear and Poisson regressions, offers several computational advantages, and corresponds to the correct way to perform the popular $\log(Y + 1)$ transformation. For more details about how to use it, see the notebook at: [<https://www.davidbenatia.com/>](https://www.davidbenatia.com/).

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Imports stats, utils, sandwich, matlib, boot, randomcoloR, stringr

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LazyData true

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DATASET	<i>Sample Data for Analysis</i>
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Description

A simple `data_frame` obtained by a Data Generating Process that is for testing and running of examples

y outcome variable

x two bivariate normal variables `x1` and `x2`

Usage

DATASET

Format

An object of class `data.frame` with 1000 rows and 3 columns.

iOLS	<i>iOLS</i>
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Description

iOLS used to fit log-linear model/log-log model, addressing the "log of zero" problem, based on the theoretical results developed in the following paper : https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3444996.

Usage

```
iOLS(y, X, VX, tX, d, epsi = 10^-5, b_init, error_type = "HC0")
```

Arguments

<code>y</code>	the dependent variable, a vector.
<code>X</code>	the regressors matrix <code>x</code> with a column of ones added.
<code>VX</code>	a matrix that MUST be equal to $(X'X)^{-1}$.
<code>tX</code>	a matrix that MUST be equal to X^t (the transpose of <code>X</code>).
<code>d</code>	the value of the hyper-parameter <code>delta</code> , numeric.
<code>epsi</code>	since the estimated parameters are obtained by converging, we need a convergence criterion <code>epsi</code> (supposed to be small, usually around 10^{-5}), to make the program stop once the estimations are near their limits. A numeric.
<code>b_init</code>	the point from which the solution starts its converging trajectory. A vector that has the same number of elements as there are parameters estimated in the model.
<code>error_type</code>	a character string specifying the estimation type of the covariance matrix. Argument of the <code>vcovHC</code> function, then click this link for details. "HC0" is the default value, this the White's estimator.

Value

a iOLS fitted model object

iOLS_path

iOLS_path

Description

iOLS regression repeated for several values of the hyper-parameter delta.

Usage

```
iOLS_path(
  y,
  X,
  deltainf = 10^-5,
  deltasup = 10^4,
  nbre_delta = 20,
  epsi = 10^-3,
  b_init,
  error_type = "HC0"
)
```

Arguments

y	the dependent variable, a vector.
X	the regressors matrix x with a column of ones added.
deltainf	numeric, the lowest hyper-parameter delta we want to apply iOLS with. The default value is 10^{-5} .
deltasup	numeric, the highest hyper-parameter delta we want to apply iOLS with. The default value is 10000.
nbre_delta	integer, the number of hyper-parameters delta we want between deltainf and deltasup.
epsi	since the estimated parameters are obtained by converging, we need a convergence criterion epsi (supposed to be small, usually around 10^{-5}), to make the program stop once the estimations are near their limits. A numeric.
b_init	the point from which the solution starts its converging trajectory. A vector that has the same number of elements as there are parameters estimated in the model.
error_type	a character string specifying the estimation type of the covariance matrix. Argument of the vcovHC function, then click this link for details. "HC0" is the default value, this the White's estimator.

Value

a iOLS_path fitted model object.

Examples

```

data(DATASET)
y = DATASET$y
x = as.matrix(DATASET[,c("X1", "X2")])
lm = lm(log(y+1) ~ x)
lm_coef = c(coef(lm))
X = cbind(rep(1, nrow(x)), x)
k = iOLS_path(y, X, b_init = lm_coef,
deltainf = 10^-5, deltasup = 10^4, nbre_delta = 20,
epsi = 10^-3, error_type = "HC0")

```

iOLS_path_plot

iOLS_path_plot

Description

Function that plots an iOLS_path fitted model object.

Usage

```
iOLS_path_plot(m, delta_rank = NULL, plot_beta = "", ...)
```

Arguments

<code>m</code>	An "iOLS_path" fitted model object.
<code>delta_rank</code>	Among all the hyper-parameters δ , we can choose to plot the "iOLS_path" fitted model object corresponding to the chosen <code>delta_rank</code> . If a value is not precised, the default value is <code>NULL</code> and the function will only display the estimated parameter(s) in function of $\log(\delta)$.
<code>plot_beta</code>	If you want to see the trajectory of one estimated parameter β only, just precise <code>plot_beta = k</code> ($k=0$ if you want to see the intercept's trajectory for example). Otherwise, write <code>plot_beta = ""</code> (the default value), and you will see all parameters' trajectory. In this case, the colors of each curve is assigned randomly, but by precising which parameters' trajectory you want to see, it will be drawn in black.
<code>...</code>	other parameters.

Value

a plot of a iOLS_path fitted model object.

`iOLS_plot`*iOLS_plot*

Description

Function that plots an iOLS fitted model object.

Usage

```
iOLS_plot(m, ..., plot_beta = "")
```

Arguments

<code>m</code>	An "iOLS" fitted model object.
<code>...</code>	other parameters.
<code>plot_beta</code>	If you want to see the trajectory of one estimated parameter beta only, just precise <code>plot_beta = k</code> (<code>k=0</code> if you want to see the intercept's trajectory for example). Otherwise, write <code>plot_beta = ""</code> (the default value), and you will see all parameters' trajectory. In this case, the colors of each curve is assigned randomly, but by precisising which parameters' trajectory you want to see, it will be drawn in black.

Value

a plot of a iOLS fitted model object.

`lambda_test`*lambda_test*

Description

Printing and plotting of the lambda-test.

Usage

```
lambda_test(f, nB)
```

Arguments

<code>f</code>	An "iOLS_path" fitted model object that you want to apply this test on.
<code>nB</code>	The number of iteration that you want to be done in the bootstrap process used in the function.

Value

a `lambda_test` object

print	<i>print.lambda_test</i>
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Description

See the notebook at: <https://www.davidbenatia.com/>.

Function that prints an iOLS fitted model object.

Function that prints an iOLS_path fitted model object.

Usage

```
print(m, delta_rank = NULL, ...)
```

```
print(m, delta_rank = NULL, ...)
```

```
print(m, delta_rank = NULL, ...)
```

Arguments

m	An "iOLS_path" fitted model object.
delta_rank	Among all the hyper-parameters delta, we can choose to plot the "iOLS_path" fitted model object corresponding to the chosen delta_rank. If a value is not precised, the default value is NULL and the function will only display the estimated parameter(s) in function of log(delta).
...	other parameters.

Value

a display and a plot of a lambda_test object.

a display of a iOLS fitted model object.

a display of a iOLS_path fitted model object.

Examples

```
data(DATASET)
y = DATASET$y
x = as.matrix(DATASET[,c("X1", "X2")])
lm = lm(log(y+1) ~ x)
lm_coef = c(coef(lm))
X = cbind(rep(1, nrow(x)), x)
k = iOLS_path(y, X, b_init = lm_coef, deltainf = 10^-5,
deltasup = 10^4, nbre_delta = 20,
epsi = 10^-3, error_type = "HC0")

#Printing of all the iOLS regression:
print(k)
```

print

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```
#Printing of the 6th iOLS regression :  
print(k, delta_rank = 6)
```

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