

Package ‘wARMASVp’

May 15, 2026

Type Package

Title Winsorized ARMA Estimation for Higher-Order Stochastic Volatility Models

Version 0.2.0

Description Estimation, simulation, hypothesis testing, AR-order selection, and forecasting for univariate higher-order stochastic volatility SV(p) models. Supports Gaussian, Student-t, and Generalized Error Distribution (GED) innovations, with optional leverage effects. Estimation uses closed-form Winsorized ARMA-SV (W-ARMA-SV) moment-based methods that avoid numerical optimization. Hypothesis testing includes Local Monte Carlo (LMC) and Maximized Monte Carlo (MMC) procedures for leverage effects, heavy tails, and autoregressive order. AR-order selection is also available via information criteria (BIC/AIC) using the Kalman-filter quasi-likelihood and the Hannan-Rissanen ARMA residual variance. Forecasting is based on Kalman filtering and smoothing. See Ahsan and Dufour (2021) <[doi:10.1016/j.jeconom.2021.03.008](https://doi.org/10.1016/j.jeconom.2021.03.008)>, Ahsan, Dufour, and Rodriguez-Rondon (2025) <[doi:10.1111/jtsa.12851](https://doi.org/10.1111/jtsa.12851)>, and Ahsan, Dufour, and Rodriguez-Rondon (2026) <[doi:10.34989/swp-2026-8](https://doi.org/10.34989/swp-2026-8)> for details.

License GPL (>= 3)

URL <https://github.com/roga11/wARMASVp>

BugReports <https://github.com/roga11/wARMASVp/issues>

Encoding UTF-8

Imports Rcpp (>= 1.0.0), gsignal, stats

Suggests pso, GenSA, testthat (>= 3.0.0), knitr, rmarkdown

LinkingTo Rcpp, RcppArmadillo

RoxygenNote 7.3.3

VignetteBuilder knitr

NeedsCompilation yes

Author Gabriel Rodriguez-Rondon [aut, cre] (ORCID: <<https://orcid.org/0009-0005-3769-9921>>),
Md. Nazmul Ahsan [aut],
Jean-Marie Dufour [aut]

Maintainer Gabriel Rodriguez-Rondon <gabriel.rodriguezrondon@mail.mcgill.ca>

Repository CRAN

Date/Publication 2026-05-15 15:50:01 UTC

Contents

filter_svp	2
forecast_svp	4
lmc_ar	5
lmc_ged	7
lmc_lev	8
lmc_t	10
mmc_ar	11
mmc_ged	13
mmc_lev	15
mmc_t	17
sim_svp	18
svp	20
svpSE	23
svp_AR_order	24
svp_IC	25
Index	29

filter_svp	<i>Filter Latent Volatility from an Estimated SV(p) Model</i>
------------	---

Description

Applies Kalman filtering (corrected or Gaussian mixture) and RTS smoothing to extract the latent log-volatility process from an estimated SV(p) model.

Usage

```
filter_svp(
  object,
  method = c("corrected", "mixture", "particle"),
  proxy = c("bayes_optimal", "u"),
  K = 7,
  M = 1000,
  seed = 42,
  del = 1e-10
)
```

Arguments

object	An "svp", "svp_t", or "svp_ged" object from svp .
method	Character. Filter method: "corrected" (default) for standard Kalman with distribution-specific $\sigma_\varepsilon^2(\nu)$, "mixture" for the Gaussian Mixture Kalman Filter (GMKF), or "particle" for the Bootstrap Particle Filter (BPF).
proxy	Character. Leverage proxy for the state-space prediction mean \hat{z}_{t-1} that enters the leverage shift $\sigma_\nu \delta_p \hat{z}_{t-1}$ (the prediction covariance is independently $\sigma_\nu^2(1 - \delta_p^2)$ per Rodriguez-Rondon, Dufour and Ahsan (2026), i.e. $\text{var_zt} = \emptyset$). "bayes_optimal" (default) uses the posterior mean $E[\zeta_{t-1} \mid u_{t-1}]$ for Student-t leverage, which corrects the marginal variance inflation of using \hat{u}_{t-1} directly ($\text{Var}(\hat{u}) = \nu/(\nu - 2) > 1$) and is what the IC functions svp_IC / svp_AR_order use internally. "u" reproduces the paper-faithful proxy of Remark~3.5 ($\hat{z}_{t-1} = \hat{u}_{t-1}$). Has no effect for Gaussian or GED leverage (the proxy is closed-form in both cases) and no effect when leverage = FALSE.
K	Integer. Number of mixture components for GMKF. Default 7.
M	Integer. Number of particles for BPF. Default 1000.
seed	Integer. Random seed for BPF. Default 42.
del	Numeric. Small constant for log transformation. Default 1e-10.

Value

An object of class "svp_filter", a list containing:

- w_filtered** Filtered log-volatility (T-vector).
- w_smoothed** Smoothed log-volatility (T-vector).
- zt** Filtered standardized residuals.
- zt_smoothed** Smoothed standardized residuals.
- P_filtered** Filtered MSE of first state component.
- P_predicted** Predicted MSE of first state component.
- xi_filtered** Full filtered state vectors (p x T matrix).
- xi_smoothed** Full smoothed state vectors (p x T matrix).
- loglik** Approximate log-likelihood.
- method** Filter method used.
- model** The input model object.

Examples

```
y <- sim_svp(1000, phi = 0.95, sigy = 1, sigv = 0.2)$y
fit <- svp(y, p = 1)
filt <- filter_svp(fit)
plot(filt$w_smoothed, type = "l")
```

forecast_svp

*Multi-Step Ahead Volatility Forecast***Description**

Applies Kalman filtering/smoothing to an estimated SV(p) model and produces multi-step ahead volatility forecasts with uncertainty quantification.

Usage

```
forecast_svp(
  object,
  H = 1,
  output = c("log-variance", "variance", "volatility"),
  filter_method = "corrected",
  proxy = c("bayes_optimal", "u"),
  K = 7,
  M = 1000,
  seed = 42,
  del = 1e-10
)
```

Arguments

object	An "svp", "svp_t", or "svp_ged" object from svp .
H	Integer. Maximum forecast horizon. Default 1.
output	Character. Primary output scale: "log-variance" (default, native log-volatility w_h), "variance" (conditional variance $\sigma_{T+h T}^2$), or "volatility" (conditional std dev $\sigma_{T+h T}$). All three are always computed and stored; this controls which is used by print and plot methods.
filter_method	Character. Filter method: "corrected" (default), "mixture" (GMKF), or "particle" (BPF).
proxy	Character. Leverage proxy for the filter and the h=1 forecast shift. "bayes_optimal" (default) uses the posterior mean $E[\zeta_{t-1} u_{t-1}]$ for Student-t leverage; "u" reproduces the paper-faithful proxy of Remark 3.5 ($\hat{z}_{t-1} = \hat{u}_{t-1}$). Has no effect for Gaussian or GED leverage. See filter_svp for details.
K	Integer. Number of mixture components for GMKF. Default 7.
M	Integer. Number of particles for BPF. Default 1000.
seed	Integer. Random seed for BPF. Default 42.
del	Numeric. Small constant for log transformation. Default 1e-10.

Value

An object of class "svp_forecast", a list containing:

w_forecast Primary forecast (scale determined by output).

log_var_forecast Log-volatility forecasts $w_{T+h|T}$.

var_forecast Conditional variance forecasts $\sigma_{T+h|T}^2$.

vol_forecast Conditional volatility forecasts $\sigma_{T+h|T}$.

P_forecast Forecast MSE $P_{T+h|T}$ for each horizon.

w_estimated Filtered log-volatility.

w_smoothed Smoothed log-volatility.

zt Filtered standardized residuals.

zt_smoothed Smoothed standardized residuals.

ys Demeaned log-squared returns.

mdl The estimated model object.

H The forecast horizon.

output The chosen output scale.

filter_output The "svp_filter" object from filtering.

Examples

```
sim <- sim_svp(1000, phi = 0.95, sigy = 1, sigv = 0.2,
              leverage = TRUE, rho = -0.3)
fit <- svp(sim$y, p = 1, leverage = TRUE)
fc <- forecast_svp(fit, H = 10)
plot(fc)
```

lmc_ar

LMC Test for AR Order in SV(p) Models

Description

Performs a Local Monte Carlo (LMC) test of the null hypothesis $H_0 : \phi_{p_0+1} = \dots = \phi_p = 0$ (i.e., that an $SV(p_0)$ model is sufficient against an $SV(p)$ alternative).

Usage

```
lmc_ar(
  y,
  p_null,
  p_alt,
  J = 10,
  N = 99,
```

```

burnin = 500,
del = 1e-10,
wDecay = FALSE,
Bartlett = FALSE,
Amat = NULL,
errorType = "Gaussian",
sigvMethod = "factored",
logNu = TRUE,
winsorize_eps = 0
)

```

Arguments

y	Numeric vector. Observed returns.
p_null	Integer. Order under the null hypothesis.
p_alt	Integer. Order under the alternative ($p_alt > p_null$).
J	Integer. Winsorizing parameter. Default 10.
N	Integer. Number of Monte Carlo replications. Default 99.
burnin	Integer. Burn-in for simulation. Default 500.
del	Numeric. Small constant for log transformation. Default 1e-10.
wDecay	Logical. Use decaying weights. Default FALSE.
Bartlett	Logical. If TRUE, use Bartlett kernel HAC weighting matrix for a GMM-LRT-type test statistic. If FALSE (default), use the sum of squared extra AR coefficients.
Amat	Weighting matrix specification. NULL (default) for identity weighting, or "Weighted" for data-driven HAC. Takes precedence over Bartlett. User-supplied matrices are not supported for AR order tests.
errorType	Character. Error distribution of the return innovations: "Gaussian" (default), "Student-t", or "GED". Heavy-tail options reuse the same moment-based GMM-LRT machinery as lmc_t/ lmc_ged; ν is held at the null MLE during the simulation (it is not a varied nuisance for the AR-order test).
sigvMethod	Character. Method for σ_v estimation: "factored" (default), "hybrid", or "direct".
logNu	Logical. Use log-space for ν estimation (Student-t/GED only). Default TRUE.
winsorize_eps	Number of extreme autocovariance lags to winsorize (heavy-tail only). Default 0.

Details

When `Bartlett = FALSE` (default), the test statistic is $T \sum_{j=p_0+1}^p \hat{\phi}_j^2$, i.e., the sum of squared extra AR coefficients scaled by sample size.

When `Bartlett = TRUE`, the test statistic is based on the GMM-LRT approach with a Bartlett kernel HAC weighting matrix: $S = T \times (M_{H_0} - M_{H_1})$, where M denotes the GMM criterion evaluated at the null and alternative estimates. Both the observed and simulated test statistics are capped at 1e-10 when negative; a negative observed statistic raises a warning (it indicates strong evidence in favour of the null, since the alternative does not improve the GMM criterion).

Value

An object of class "svp_test", a list containing:

s0 Test statistic from observed data (capped at 1e-10 if negative).

sN Simulated null distribution (vector of length N).

pval Monte Carlo p-value.

test_type Character string identifying the test.

null_param Name of the parameter(s) tested.

null_value Value(s) under the null hypothesis.

errorType Error distribution used.

call The matched call.

Examples

```
y <- sim_svp(1000, phi = 0.95, sigy = 1, sigv = 0.2)$y
test <- lmc_ar(y, p_null = 1, p_alt = 2, J = 10, N = 49)
print(test)
```

lmc_ged

LMC Test for GED Shape Parameter

Description

Performs a Local Monte Carlo (LMC) test of the null hypothesis $H_0 : \nu = \nu_0$ for the shape parameter in an SV(p) model with GED errors. Testing $\nu_0 = 2$ corresponds to testing normality.

Usage

```
lmc_ged(
  y,
  p = 1,
  J = 10,
  N = 99,
  nu_null,
  burnin = 500,
  del = 1e-10,
  wDecay = FALSE,
  Bartlett = FALSE,
  Amat = NULL,
  direction = c("two-sided", "less", "greater"),
  sigvMethod = "factored",
  winsorize_eps = 0
)
```

Arguments

y	Numeric vector. Observed returns.
p	Integer. AR order of the volatility process. Default 1.
J	Integer. Winsorizing parameter. Default 10.
N	Integer. Number of Monte Carlo replications. Default 99.
nu_null	Numeric. Value of ν under the null hypothesis.
burnin	Integer. Burn-in for simulation. Default 500.
del	Numeric. Small constant for log transformation. Default $1e-10$.
wDecay	Logical. Use decaying weights. Default FALSE.
Bartlett	Logical. Use Bartlett kernel HAC for weighting matrix. Default FALSE.
Amat	Weighting matrix specification. NULL (default) for identity weighting, "Weighted" for data-driven HAC, or a $(p+3) \times (p+3)$ matrix. Takes precedence over Bartlett.
direction	Character. Test direction: "two-sided" (default), "less" (H1: $\nu < \nu_{\text{null}}$), or "greater" (H1: $\nu > \nu_{\text{null}}$). Uses signed root of the LR statistic for one-sided tests.
sigvMethod	Character. Method for σ_v estimation: "factored" (default), "hybrid", or "direct".
winsorize_eps	Numeric. Winsorization threshold for moment conditions. Default 0 (no winsorization).

Value

An object of class "svp_test".

Examples

```
y <- sim_svp(1000, phi = 0.95, sigy = 1, sigv = 0.2, errorType = "GED", nu = 1.5)$y
test <- lmc_ged(y, p = 1, J = 10, N = 49, nu_null = 2)
print(test)
```

lmc_lev

LMC Test for Leverage in SV(p) Models

Description

Performs a Local Monte Carlo (LMC) test of the null hypothesis $H_0 : \rho = \rho_0$ (typically $\rho_0 = 0$, i.e., no leverage) using a GMM likelihood-ratio type statistic.

Usage

```

lmc_lev(
  y,
  p = 1,
  J = 10,
  N = 99,
  rho_null = 0,
  burnin = 500,
  rho_type = "pearson",
  del = 1e-10,
  trunc_lev = TRUE,
  wDecay = FALSE,
  Bartlett = FALSE,
  Amat = NULL,
  errorType = "Gaussian",
  logNu = FALSE,
  sigvMethod = "factored",
  winsorize_eps = 0
)

```

Arguments

<code>y</code>	Numeric vector. Observed returns.
<code>p</code>	Integer. Order of the volatility process. Default 1.
<code>J</code>	Integer. Winsorizing parameter. Default 10.
<code>N</code>	Integer. Number of Monte Carlo replications. Default 99.
<code>rho_null</code>	Numeric. Value of ρ under the null. Default 0.
<code>burnin</code>	Integer. Burn-in for simulation. Default 500.
<code>rho_type</code>	Character. Correlation type. Default "pearson".
<code>del</code>	Numeric. Small constant for log transformation. Default 1e-10.
<code>trunc_lev</code>	Logical. Truncate leverage correlation estimate to $[-0.999, 0.999]$. Default TRUE.
<code>wDecay</code>	Logical. Use decaying weights. Default FALSE.
<code>Bartlett</code>	Logical. If TRUE, use Bartlett kernel HAC weighting matrix. If FALSE, use identity matrix. Default FALSE.
<code>Amat</code>	Weighting matrix specification. NULL (default) for identity weighting, "Weighted" for data-driven HAC, or a numeric matrix of dimension $(p+3) \times (p+3)$ (Gaussian) or $(p+4) \times (p+4)$ (heavy-tail). Takes precedence over Bartlett.
<code>errorType</code>	Character. Error distribution: "Gaussian" (default), "Student-t", or "GED".
<code>logNu</code>	Logical. Use log-space for nu estimation (Student-t only). Default FALSE.
<code>sigvMethod</code>	Method for σ_v estimation: "factored" (default), "direct", or "hybrid".
<code>winsorize_eps</code>	Number of extreme autocovariance lags to winsorize (0 = none). Default 0.

Value

An object of class "svp_test", a list containing:

- s0** Test statistic from observed data.
- sN** Simulated null distribution (vector of length N).
- pval** Monte Carlo p-value.
- test_type** Character string identifying the test.
- null_param** Name of the parameter tested.
- null_value** Value under the null hypothesis.
- call** The matched call.

Examples

```
y <- sim_svp(1000, phi = 0.95, sigy = 1, sigv = 0.2, leverage = TRUE, rho = -0.3)$y
test <- lmc_lev(y, p = 1, J = 10, N = 99)
print(test)
```

lmc_t

LMC Test for Student-t Tail Parameter

Description

Performs a Local Monte Carlo (LMC) test of the null hypothesis $H_0 : \nu = \nu_0$ for the degrees of freedom parameter in an SV(p) model with Student-t errors. Testing $\nu_0 = \infty$ (or a large value) corresponds to testing for normality.

Usage

```
lmc_t(
  y,
  p = 1,
  J = 10,
  N = 99,
  nu_null,
  burnin = 500,
  del = 1e-10,
  wDecay = FALSE,
  Bartlett = FALSE,
  Amat = NULL,
  logNu = TRUE,
  direction = c("two-sided", "less", "greater"),
  sigvMethod = "factored",
  winsorize_eps = 0
)
```

Arguments

y	Numeric vector. Observed returns.
p	Integer. AR order of the volatility process. Default 1.
J	Integer. Winsorizing parameter. Default 10.
N	Integer. Number of Monte Carlo replications. Default 99.
nu_null	Numeric. Value of ν under the null hypothesis.
burnin	Integer. Burn-in for simulation. Default 500.
del	Numeric. Small constant for log transformation. Default $1e-10$.
wDecay	Logical. Use decaying weights. Default FALSE.
Bartlett	Logical. Use Bartlett kernel HAC for weighting matrix. Default FALSE.
Amat	Weighting matrix specification. NULL (default) for identity weighting, "Weighted" for data-driven HAC, or a $(p+3) \times (p+3)$ matrix. Takes precedence over Bartlett.
logNu	Logical. Use log-space for nu estimation. Default TRUE.
direction	Character. Test direction: "two-sided" (default), "less" ($H_1: \nu < \nu_{\text{null}}$), or "greater" ($H_1: \nu > \nu_{\text{null}}$). Uses signed root of the LR statistic for one-sided tests.
sigvMethod	Character. Method for σ_v estimation: "factored" (default), "hybrid", or "direct".
winsorize_eps	Numeric. Winsorization threshold for moment conditions. Default 0 (no winsorization).

Value

An object of class "svp_test".

Examples

```
y <- sim_svp(1000, phi = 0.95, sigy = 1, sigv = 0.2, errorType = "Student-t", nu = 5)$y
test <- lmc_t(y, p = 1, J = 10, N = 49, nu_null = 5)
print(test)
```

mmc_ar

MMC Test for AR Order in SV(p) Models

Description

Performs a Maximized Monte Carlo (MMC) test of $H_0 : \phi_{p_0+1} = \dots = \phi_p = 0$ by maximizing the MC p-value over nuisance parameters $(\phi_1, \dots, \phi_{p_0}, \sigma_y, \sigma_v)$.

Usage

```

mmc_ar(
  y,
  p_null,
  p_alt,
  J = 10,
  N = 99,
  burnin = 500,
  eps = NULL,
  threshold = 1,
  method = "pso",
  maxit = NULL,
  del = 1e-10,
  wDecay = FALSE,
  Bartlett = FALSE,
  Amat = NULL,
  errorType = "Gaussian",
  sigvMethod = "factored",
  logNu = TRUE,
  winsorize_eps = 0
)

```

Arguments

<code>y</code>	Numeric vector. Observed returns.
<code>p_null</code>	Integer. Order under the null hypothesis.
<code>p_alt</code>	Integer. Order under the alternative ($p_alt > p_null$).
<code>J</code>	Integer. Winsorizing parameter. Default 10.
<code>N</code>	Integer. Number of Monte Carlo replications. Default 99.
<code>burnin</code>	Integer. Burn-in for simulation. Default 500.
<code>eps</code>	Numeric vector. Half-width of search region around estimated nuisance parameters. Default $\text{rep}(0.3, p_null+2)$.
<code>threshold</code>	Numeric. Target p-value. Default 1.
<code>method</code>	Character. Optimization method: "pso" or "GenSA". Default "pso".
<code>maxit</code>	Integer. Maximum iterations/evaluations. Default depends on method.
<code>del</code>	Numeric. Small constant for log transformation. Default $1e-10$.
<code>wDecay</code>	Logical. Use decaying weights. Default FALSE.
<code>Bartlett</code>	Logical. If TRUE, use Bartlett kernel HAC weighting matrix for a GMM-LRT-type test statistic. If FALSE (default), use the sum of squared extra AR coefficients.
<code>Amat</code>	Weighting matrix specification. NULL (default) for identity weighting, or "Weighted" for data-driven HAC. Takes precedence over <code>Bartlett</code> . User-supplied matrices are not supported for AR order tests.

errorType	Character. Error distribution of the return innovations: "Gaussian" (default), "Student-t", or "GED". Heavy-tail options reuse the same moment-based GMM-LRT machinery as lmc_t/ lmc_ged; ν is held at the null MLE during the simulation (it is not a varied nuisance for the AR-order test).
sigvMethod	Character. Method for σ_v estimation: "factored" (default), "hybrid", or "direct".
logNu	Logical. Use log-space for ν estimation (Student-t/GED only). Default TRUE.
winsorize_eps	Number of extreme autocovariance lags to winsorize (heavy-tail only). Default 0.

Value

A list with optimization output including value (maximized p-value) and par (nuisance parameters at the maximum).

Examples

```
y <- sim_svp(1000, phi = 0.95, sigy = 1, sigv = 0.2)$y
mmc <- mmc_ar(y, p_null = 1, p_alt = 2, J = 10, N = 19,
              method = "pso", maxit = 10)
mmc$value
```

 mmc_ged

MMC Test for GED Shape Parameter

Description

Performs a Maximized Monte Carlo (MMC) test of $H_0 : \nu = \nu_0$ for the GED shape parameter.

Usage

```
mmc_ged(
  y,
  p = 1,
  J = 10,
  N = 99,
  nu_null,
  burnin = 500,
  eps = NULL,
  threshold = 1,
  method = "pso",
  maxit = NULL,
  del = 1e-10,
  wDecay = FALSE,
  Bartlett = FALSE,
```

```

  Amat = NULL,
  direction = c("two-sided", "less", "greater"),
  sigvMethod = "factored",
  winsorize_eps = 0
)

```

Arguments

<code>y</code>	Numeric vector. Observed returns.
<code>p</code>	Integer. AR order of the volatility process. Default 1.
<code>J</code>	Integer. Winsorizing parameter. Default 10.
<code>N</code>	Integer. Number of Monte Carlo replications. Default 99.
<code>nu_null</code>	Numeric. Value of ν under the null hypothesis.
<code>burnin</code>	Integer. Burn-in for simulation. Default 500.
<code>eps</code>	Numeric vector. Half-width of search region around estimated nuisance parameters. Must have length $p+2$ (one entry per nuisance parameter: $\phi_1, \dots, \phi_p, \sigma_y, \sigma_v$). Default <code>rep(0.3, p+2)</code> .
<code>threshold</code>	Numeric. Target p-value. Default 1.
<code>method</code>	Character. Optimization method: "pso" or "GenSA". Default "pso".
<code>maxit</code>	Integer. Maximum iterations/evaluations. Default depends on method.
<code>del</code>	Numeric. Small constant for log transformation. Default $1e-10$.
<code>wDecay</code>	Logical. Use decaying weights. Default FALSE.
<code>Bartlett</code>	Logical. Use Bartlett kernel HAC for weighting matrix. Default FALSE.
<code>Amat</code>	Weighting matrix specification. NULL (default) for identity weighting, "Weighted" for data-driven HAC, or a $(p+3) \times (p+3)$ matrix. Takes precedence over <code>Bartlett</code> .
<code>direction</code>	Character. Test direction: "two-sided" (default), "less" (H1: $\nu < \nu_null$), or "greater" (H1: $\nu > \nu_null$). Uses signed root of the LR statistic for one-sided tests.
<code>sigvMethod</code>	Character. Method for σ_v estimation: "factored" (default), "hybrid", or "direct".
<code>winsorize_eps</code>	Numeric. Winsorization threshold for moment conditions. Default 0 (no winsorization).

Value

A list with optimization output including `value` (maximized p-value) and `par` (nuisance parameters at the maximum).

Examples

```

y <- sim_svp(1000, phi = 0.95, sigy = 1, sigv = 0.2, errorType = "GED", nu = 1.5)$y
mmc <- mmc_ged(y, p = 1, J = 10, N = 19, nu_null = 2, method = "pso", maxit = 10)
mmc$value

```

 mmc_lev

MMC Test for Leverage in SV(p) Models

Description

Performs a Maximized Monte Carlo (MMC) test of the null hypothesis $H_0 : \rho = \rho_0$ by maximizing the MC p-value over nuisance parameters (phi, sigma_y, sigma_v).

Usage

```
mmc_lev(
  y,
  p = 1,
  J = 10,
  N = 99,
  rho_null = 0,
  burnin = 500,
  eps = NULL,
  threshold = 1,
  method = "pso",
  maxit = NULL,
  rho_type = "pearson",
  del = 1e-10,
  trunc_lev = TRUE,
  wDecay = FALSE,
  Bartlett = FALSE,
  Amat = NULL,
  errorType = "Gaussian",
  logNu = FALSE,
  sigvMethod = "factored",
  winsorize_eps = 0
)
```

Arguments

y	Numeric vector. Observed returns.
p	Integer. Order of the volatility process. Default 1.
J	Integer. Winsorizing parameter. Default 10.
N	Integer. Number of Monte Carlo replications. Default 99.
rho_null	Numeric. Value of ρ under the null. Default 0.
burnin	Integer. Burn-in for simulation. Default 500.
eps	Numeric vector. Half-width of the search region around the estimated nuisance parameters. For Gaussian: length p+2 (phi, sigma_y, sigma_v). For Student-t/GED: length p+2 (phi, sigma_y, sigma_v; nu bounds set proportionally at +/- 30 length p+3 (phi, sigma_y, sigma_v, nu). Default NULL which uses rep(0.3, p+2) with proportional nu bounds.

threshold	Numeric. Target p-value (optimization stops if reached). Default 1.
method	Character. Optimization method: "pso" (particle swarm), "GenSA" (generalized simulated annealing). Default "pso".
maxit	Integer or list. Maximum iterations/evaluations for the optimizer. Default depends on method.
rho_type	Character. Correlation type. Default "pearson".
del	Numeric. Small constant for log transformation. Default 1e-10.
trunc_lev	Logical. Truncate leverage correlation estimate to [-0.999, 0.999]. Default TRUE.
wDecay	Logical. Use decaying weights. Default FALSE.
Bartlett	Logical. If TRUE, use Bartlett kernel HAC weighting matrix. If FALSE, use identity matrix. Default FALSE.
Amat	Weighting matrix specification. NULL (default) for identity weighting, "Weighted" for data-driven HAC, or a numeric matrix of dimension (p+3)x(p+3) (Gaussian) or (p+4)x(p+4) (heavy-tail). Takes precedence over Bartlett.
errorType	Character. Error distribution: "Gaussian" (default), "Student-t", or "GED".
logNu	Logical. Use log-space for nu estimation (Student-t only). Default FALSE.
sigvMethod	Method for sigma_v estimation: "factored" (default), "direct", or "hybrid".
winsorize_eps	Number of extreme autocovariance lags to winsorize (0 = none). Default 0.

Value

A list with the optimization output including:

value Maximized p-value.

par Nuisance parameter values at the maximum.

Additional fields depend on the optimization method used.

Examples

```
y <- sim_svp(1000, phi = 0.95, sigy = 1, sigv = 0.2, leverage = TRUE, rho = -0.3)$y
mmc <- mmc_lev(y, p = 1, J = 10, N = 19, method = "pso", maxit = 10)
mmc$value
```

mmc_t

*MMC Test for Student-t Tail Parameter***Description**

Performs a Maximized Monte Carlo (MMC) test of $H_0 : \nu = \nu_0$ by maximizing the MC p-value over nuisance parameters (phi, sigma_y, sigma_v).

Usage

```
mmc_t(
  y,
  p = 1,
  J = 10,
  N = 99,
  nu_null,
  burnin = 500,
  eps = NULL,
  threshold = 1,
  method = "pso",
  maxit = NULL,
  del = 1e-10,
  wDecay = FALSE,
  Bartlett = FALSE,
  Amat = NULL,
  logNu = TRUE,
  direction = c("two-sided", "less", "greater"),
  sigvMethod = "factored",
  winsorize_eps = 0
)
```

Arguments

y	Numeric vector. Observed returns.
p	Integer. AR order of the volatility process. Default 1.
J	Integer. Winsorizing parameter. Default 10.
N	Integer. Number of Monte Carlo replications. Default 99.
nu_null	Numeric. Value of ν under the null hypothesis.
burnin	Integer. Burn-in for simulation. Default 500.
eps	Numeric vector. Half-width of search region around estimated nuisance parameters. Must have length p+2 (one entry per nuisance parameter: $\phi_1, \dots, \phi_p, \sigma_y, \sigma_v$). Default rep(0.3, p+2).
threshold	Numeric. Target p-value. Default 1.
method	Character. Optimization method: "pso" or "GenSA". Default "pso".

maxit	Integer. Maximum iterations/evaluations. Default depends on method.
del	Numeric. Small constant for log transformation. Default 1e-10.
wDecay	Logical. Use decaying weights. Default FALSE.
Bartlett	Logical. Use Bartlett kernel HAC for weighting matrix. Default FALSE.
Amat	Weighting matrix specification. NULL (default) for identity weighting, "Weighted" for data-driven HAC, or a $(p+3) \times (p+3)$ matrix. Takes precedence over Bartlett.
logNu	Logical. Use log-space for nu estimation. Default TRUE.
direction	Character. Test direction: "two-sided" (default), "less" (H1: $\nu < \nu_{\text{null}}$), or "greater" (H1: $\nu > \nu_{\text{null}}$). Uses signed root of the LR statistic for one-sided tests.
sigvMethod	Character. Method for σ_v estimation: "factored" (default), "hybrid", or "direct".
winsorize_eps	Numeric. Winsorization threshold for moment conditions. Default 0 (no winsorization).

Value

A list with optimization output including value (maximized p-value) and par (nuisance parameters at the maximum).

Examples

```
y <- sim_svp(1000, phi = 0.95, sigy = 1, sigv = 0.2, errorType = "Student-t", nu = 5)$y
mmc <- mmc_t(y, p = 1, J = 10, N = 19, nu_null = 5, method = "pso", maxit = 10)
mmc$value
```

sim_svp

Simulate from a Stochastic Volatility Model

Description

Master simulation function for SV(p) models. Supports Gaussian, Student-t, and GED error distributions, with optional leverage effects. This mirrors the interface of [svp](#) for estimation.

Usage

```
sim_svp(
  n,
  phi,
  sigy,
  sigv,
  errorType = "Gaussian",
  leverage = FALSE,
```

```

    rho = 0,
    nu = NULL,
    burnin = 500
)

```

Arguments

n	Integer. Length of the simulated series.
phi	Numeric vector. AR coefficients for log-volatility (length p).
sigy	Numeric. Unconditional standard deviation of returns.
sigv	Numeric. Standard deviation of volatility innovations.
errorType	Character. Error distribution: "Gaussian" (default), "Student-t", or "GED".
leverage	Logical. If TRUE, simulate with leverage effects (correlated return and volatility shocks). Default is FALSE.
rho	Numeric. Leverage parameter (correlation between return and volatility shocks). Must be in [-1, 1]. Only used when leverage = TRUE. Default is 0.
nu	Numeric. Shape parameter for heavy-tailed distributions. Degrees of freedom for Student-t (must be > 2) or GED shape (must be > 0). Required when errorType is "Student-t" or "GED".
burnin	Integer. Number of initial observations to discard. Default 500.

Details

The model is:

$$y_t = \sigma_y \exp(w_t/2) z_t$$

$$w_t = \phi_1 w_{t-1} + \dots + \phi_p w_{t-p} + \sigma_v v_t$$

where z_t follows a distribution specified by errorType (Gaussian, Student-t, or GED), and v_t is i.i.d. standard normal. When leverage = TRUE, the correlation between z_t and v_{t+1} is ρ .

For Student-t errors with leverage, the scale-mixture representation $z_t = \zeta_t \lambda_t^{-1/2}$ is used, where leverage operates through the Gaussian component ζ_t . For GED errors with leverage, a Gaussian copula construction $z_t = F_{\text{GED}}^{-1}(\Phi(\zeta_t))$ is used. In both cases the returned z is the *effective* return innovation (not the latent ζ_t), with marginal distribution matching the errorType.

Value

A named list of four length-n numeric vectors:

y Observed returns y_t .

h Log-volatility process w_t (equivalently h_t).

z Return innovation such that $y_t = \sigma_y \exp(h_t/2) z_t$. Marginal distribution matches errorType: N(0,1) for Gaussian, $t(\nu)$ for Student-t, unit-variance GED(ν) for GED.

v Volatility innovation such that $h_t - \sum_{j=1}^p \phi_j h_{t-j} = \sigma_v v_t$. Always N(0,1); under leverage, $v_t = \rho \zeta_{t-1} + \sqrt{1 - \rho^2} \epsilon_t$.

See Also

[svp](#) for estimation.

Examples

```
# Gaussian SV(1), no leverage
sim <- sim_svp(1000, phi = 0.95, sigy = 1, sigv = 0.2)
plot(sim$y, type = "l")

# Gaussian SV(1) with leverage
sim_lev <- sim_svp(1000, phi = 0.95, sigy = 1, sigv = 0.2,
  leverage = TRUE, rho = -0.5)
plot(sim_lev$y, type = "l")

# Student-t SV(1)
sim_t <- sim_svp(1000, phi = 0.95, sigy = 1, sigv = 0.2,
  errorType = "Student-t", nu = 5)
plot(sim_t$y, type = "l")

# GED SV(1)
sim_ged <- sim_svp(1000, phi = 0.95, sigy = 1, sigv = 0.2,
  errorType = "GED", nu = 1.5)
plot(sim_ged$y, type = "l")
```

 svp

Estimate a Stochastic Volatility Model

Description

Master estimation function for SV(p) models using the Winsorized ARMA-SV (W-ARMA-SV) method. Supports Gaussian, Student-t, and GED error distributions, with optional leverage effects.

Usage

```
svp(
  y,
  p = 1,
  J = 10,
  leverage = FALSE,
  errorType = "Gaussian",
  rho_type = "pearson",
  del = 1e-10,
  trunc_lev = TRUE,
  wDecay = FALSE,
  logNu = FALSE,
  sigvMethod = "factored",
  winsorize_eps = 0
)
```

Arguments

<code>y</code>	Numeric vector. Observed returns (e.g., de-meanded log returns).
<code>p</code>	Integer. Order of the volatility process. Default is 1.
<code>J</code>	Integer. Winsorizing parameter controlling the number of autocovariance blocks used. Default is 10.
<code>leverage</code>	Logical. If TRUE, estimate leverage parameter ρ . Default is FALSE.
<code>errorType</code>	Character. Error distribution: "Gaussian" (default), "Student-t", or "GED".
<code>rho_type</code>	Character. Correlation type for leverage estimation. One of "pearson" (default), "kendall", or "both".
<code>del</code>	Numeric. Small constant for log transformation: $\log(y_t^2 + \delta)$. Default is $1e-10$.
<code>trunc_lev</code>	Logical. If TRUE, truncate the estimated leverage parameter to $[-0.999, 0.999]$. Default is TRUE. Setting to FALSE can reduce bias in some cases but may yield estimates outside the parameter space.
<code>wDecay</code>	Logical. Use linearly decaying weights in the WLS estimation. Default is FALSE.
<code>logNu</code>	Logical. Solve for ν in log-space for numerical stability (Student-t only). Default is FALSE.
<code>sigvMethod</code>	Character. Method for estimating σ_v . One of: "factored" (default) — factored-variance estimator (recommended; dominates RMSE in most settings, see ADRR 2025); "direct" — direct variance decomposition; "hybrid" — AD2021 closed-form for $p = 1$, falls back to "direct" for $p \geq 2$ (Student-t and GED only).
<code>winsorize_eps</code>	Integer. Number of extreme autocovariance lags to winsorize ($\emptyset =$ none). Used in Student-t and GED σ_ε^2 estimation. Default \emptyset .

Details

The model is:

$$y_t = \sigma_y \exp(w_t/2) z_t$$

$$w_t = \phi_1 w_{t-1} + \dots + \phi_p w_{t-p} + \sigma_v v_t$$

where z_t follows a distribution specified by `errorType` (Gaussian, Student-t, or GED), and v_t is i.i.d. standard normal. When `leverage = TRUE`, the correlation between z_t and v_t is estimated as ρ .

For Student-t errors with leverage, the correction factor $C_t(\nu)$ from the scale-mixture representation is applied. For GED errors with leverage, the exact implicit equation is solved via 1D root-finding with Gauss-Hermite quadrature.

Value

Depending on `errorType`:

- "Gaussian": An object of class "svp" (see below).
- "Student-t": An object of class "svp_t".
- "GED": An object of class "svp_ged".

The "svp" class contains:

mu Mean of $\log(y_t^2 + \delta)$.

phi Numeric vector of AR coefficients.

sigv Standard deviation of volatility innovations.

sigy Unconditional standard deviation.

rho Leverage parameter (if estimated, otherwise NA).

y The original data.

p, J Model order and winsorizing parameter.

errorType The error distribution used.

call The matched call.

References

Ahsan, M. N. and Dufour, J.-M. (2021). Simple estimators and inference for higher-order stochastic volatility models. *Journal of Econometrics*, 224(1), 181-197. [doi:10.1016/j.jeconom.2021.03.008](https://doi.org/10.1016/j.jeconom.2021.03.008)

Ahsan, M. N., Dufour, J.-M., and Rodriguez-Rondon, G. (2026). Estimation and inference for stochastic volatility models with heavy-tailed distributions. Bank of Canada Staff Working Paper 2026-8. [doi:10.34989/swp20268](https://doi.org/10.34989/swp20268)

See Also

[svpSE](#) for standard errors.

Examples

```
# Gaussian SV(1) without leverage (default)
y <- sim_svp(1000, phi = 0.95, sigy = 1, sigv = 0.2)$y
fit <- svp(y)
summary(fit)

# With leverage
y2 <- sim_svp(1000, phi = 0.95, sigy = 1, sigv = 0.2, leverage = TRUE, rho = -0.3)$y
fit2 <- svp(y2, leverage = TRUE)
coef(fit2)

# Student-t errors
y3 <- sim_svp(1000, phi = 0.9, sigy = 1, sigv = 0.2, errorType = "Student-t", nu = 5)$y
fit3 <- svp(y3, errorType = "Student-t")
summary(fit3)
```

svpSE

*Simulation-Based Standard Errors for SV(p) Models***Description**

Computes standard errors and confidence intervals for estimated parameters by simulating from the fitted model and re-estimating. Supports all model types returned by `svp`: Gaussian (with or without leverage), Student-t, and GED.

Usage

```
svpSE(object, n_sim = 199, alpha = 0.05, burnin = 500, logNu = FALSE)
```

Arguments

<code>object</code>	A fitted model object from <code>svp</code> . Can be of class "svp", "svp_t", or "svp_ged".
<code>n_sim</code>	Integer. Number of Monte Carlo replications. Default 199.
<code>alpha</code>	Numeric. Significance level for confidence intervals. Default 0.05.
<code>burnin</code>	Integer. Burn-in period for simulation. Default 500.
<code>logNu</code>	Logical. Solve for ν in log-space for numerical stability (Student-t only). Default is FALSE.

Value

A list with:

CI 2 x k matrix of confidence intervals (lower, upper).

SEsim0 Standard errors relative to true parameter values.

SEsim Standard errors relative to sample mean.

ISEconservative Conservative interval-based standard errors.

ISEliberal Liberal interval-based standard errors.

thetamat Matrix of parameter estimates from simulations.

Examples

```
# Gaussian SV(1)
y <- sim_svp(1000, phi = 0.95, sigy = 1, sigv = 0.2)$y
fit <- svp(y)
se <- svpSE(fit, n_sim = 49)
se$CI
```

svp_AR_order	<i>AR-order selection sweep for SV(p)</i>
--------------	---

Description

Convenience wrapper around [svp_IC](#): fits [svp](#) at each $p = 1, \dots, p_{\max}$ and returns a matrix of information criteria along with the argmin per criterion.

Usage

```
svp_AR_order(
  y,
  pmax = 6L,
  J = 10L,
  leverage = FALSE,
  errorType = "Gaussian",
  rho_type = "pearson",
  del = 1e-10,
  trunc_lev = TRUE,
  wDecay = FALSE,
  logNu = FALSE,
  sigvMethod = "factored",
  winsorize_eps = 0L,
  filter_method = "mixture",
  proxy = c("bayes_optimal", "u"),
  K = 7L,
  M = 1000L,
  seed = 42L,
  criteria = c("BIC_Kalman", "AIC_Kalman", "BIC_HR", "AIC_HR")
)
```

Arguments

<code>y</code>	Numeric vector. Observed returns.
<code>pmax</code>	Integer. Maximum AR order to consider. Default 6.
<code>J</code>	Integer. Winsorizing parameter passed to svp . Default 10.
<code>leverage</code>	Logical. Whether to estimate leverage. Default FALSE.
<code>errorType</code>	Character. "Gaussian", "Student-t", or "GED". Default "Gaussian".
<code>rho_type, del, trunc_lev, wDecay, logNu, sigvMethod, winsorize_eps</code>	Other arguments passed to svp .
<code>filter_method</code>	Character. Filter method for <code>*_Kalman</code> criteria. Default "mixture".
<code>proxy</code>	Character. Leverage proxy. Default "bayes_optimal" for IC consistency under Student-t leverage. See svp_IC .
<code>K, M, seed</code>	Filter arguments passed to filter_svp .

criteria Character vector of criteria to compute. Default returns the four recommended criteria: `c("BIC_Kalman", "AIC_Kalman", "BIC_HR", "AIC_HR")`. See [svp_IC](#) for the full set of eight valid names and the rationale for each opt-in criterion.

Value

A list with components:

IC Numeric matrix, one row per criterion, one column per candidate p in $1:pmax$.

argmin Named integer vector, one entry per criterion, giving the selected p . `NA_integer_` if all entries for that criterion are NA.

fits List of length $pmax$ containing the fitted `svp()` objects (or NULL if a fit failed).

See Also

[svp_IC](#), [svp](#), [filter_svp](#)

Examples

```
set.seed(1)
y <- sim_svp(2000, phi = 0.95, sigy = 1, sigv = 0.5)$y
res <- svp_AR_order(y, pmax = 4)
res$IC
res$argmin
```

 svp_IC

Information criteria for SV(p) AR-order selection

Description

Computes information criteria for an [svp](#) fit to support AR-order selection. Eight criteria are computable; **four are returned by default** — `BIC_Kalman`, `AIC_Kalman`, `BIC_HR`, `AIC_HR`. These span two families (state-space QML and Hannan–Rissanen two-stage ARMA) and two penalty philosophies (Schwarz-consistent BIC / Shibata-efficient AIC), and were selected as the most informative criteria across the simulation grid of the SVHT methodology paper (Ahsan, Dufour and Rodriguez-Rondon 2026). The remaining four are available on request via the `criteria` argument.

Usage

```
svp_IC(
  fit,
  criteria = c("BIC_Kalman", "AIC_Kalman", "BIC_HR", "AIC_HR"),
  filter_method = c("mixture", "corrected", "particle"),
  proxy = c("bayes_optimal", "u"),
  K = 7L,
  M = 1000L,
```

```

    seed = 42L,
    del = 1e-10
  )

```

Arguments

fit	Output of <code>svp</code> . Must carry the original y series (which <code>svp()</code> stores by default), <code>errorType</code> , and <code>leverage</code> fields.
criteria	Character vector. Subset of <code>c("BIC_Kalman", "AIC_Kalman", "AICc_Kalman", "BIC_Whittle", "BIC_HR", "AIC_HR", "BIC_YW", "AIC_YW")</code> . Default returns the four recommended criteria: <code>c("BIC_Kalman", "AIC_Kalman", "BIC_HR", "AIC_HR")</code> . See the description for the rationale for each opt-in criterion.
filter_method	Character. Filter method passed to <code>filter_svp</code> for <code>*_Kalman</code> criteria. One of "mixture" (default, recommended), "corrected", or "particle".
proxy	Character. Leverage proxy passed to <code>filter_svp</code> . "bayes_optimal" (default here, unlike <code>filter_svp</code>) removes the $O(T)$ log-likelihood bias of the \hat{u} -proxy under Student-t leverage and restores Schwarz consistency of <code>BIC_Kalman</code> . "u" reproduces the paper-faithful (Remark 3.5) Kalman likelihood; set this if you need IC values that match the filter's default behavior.
K	Integer. Number of mixture components for <code>filter_method = "mixture"</code> . Default 7 (KSC).
M	Integer. Number of particles for <code>filter_method = "particle"</code> . Default 1000. Ignored for other filter methods.
seed	Integer. Random seed for the bootstrap particle filter. Default 42. Ignored for non-particle filters.
del	Numeric. Small constant added inside log to avoid log 0. Default 1e-10.

Details

Default criteria (returned by `svp_IC(fit)`):

- `BIC_Kalman`, `AIC_Kalman`: $-2\hat{\ell}_K + k \log T$ and $-2\hat{\ell}_K + 2k$ where $\hat{\ell}_K$ is the (quasi-)log-likelihood from `filter_svp`; default `filter_method = "mixture"` uses the Gaussian mixture Kalman filter (Kim, Shephard and Chib 1998). `BIC_Kalman` is the primary recommended criterion: Schwarz-consistent under the Bayes-optimal leverage proxy (see `proxy` argument) and strong finite-sample performance across the simulation grid (Ahsan, Dufour and Rodriguez-Rondon 2026). `AIC_Kalman` is Shibata-efficient and often selects larger p sooner at $p_{\text{true}} \geq 2$.
- `BIC_HR`, `AIC_HR`: Hannan–Rissanen (1982) two-stage ARMA(p, p) criteria. Stage 1: long-AR pre-whitening at order $L = \lfloor 1.5 T^{1/3} \rfloor$ produces residuals $\hat{\varepsilon}_t$. Stage 2: OLS regression of y_t^* on AR lags 1: p of y_t^* and MA lags 1: p of $\hat{\varepsilon}_t$ gives $\hat{\sigma}_u^2$. Then $T_{\text{eff}} \log \hat{\sigma}_u^2 + \{2(2p+1), (2p+1) \log T_{\text{eff}}\}$. Filter-free anchor, robust to mis-specification of the GMKF mixture. `BIC_HR` is Schwarz-consistent for ARMA(p, p) (Hannan & Rissanen 1982; Pötscher 1989).

Opt-in criteria (request via `criteria = ...`):

- `AICc_Kalman`: `AIC_Kalman` with the Hurvich–Tsai (1989) small-sample correction $2k(k+1)/(T-k-1)$. Numerically equivalent to `AIC_Kalman` at $T \geq 500$; use when $T < 500$.

- BIC_Whittle: $-2 \hat{\ell}_W + k \log T$ where $\hat{\ell}_W$ is the Whittle log-likelihood evaluated at the SV(p) signal-plus-noise spectral density $f(\omega) = \sigma_v^2 / |1 - \sum_j \phi_j e^{-ij\omega}|^2 + \sigma_\varepsilon^2(\nu)$. Schwarz-consistent but collapses to $\hat{p} = 1$ in 98–100% of cells at $p_{\text{true}} \geq 2$ under near-unit-root persistence (Ahsan, Dufour and Rodriguez-Rondon 2026). Useful as a conservative diagnostic: a Whittle selection of $p > 1$ is strong evidence against $p = 1$.
- AIC_YW, BIC_YW: *Legacy / not recommended*. Yule–Walker projection-error criteria on $y_t^* = \log(y_t^2 + \delta) - \mu$, computed as $T \log \hat{\sigma}_{\text{pred}}^2 + \{2k, k \log T\}$ with the AR(p) projection-error variance. Under SV(p), y_t^* is ARMA(p, p) (not AR(p)), so the AR projection error does not saturate at p_{true} and the criteria are *inconsistent*: the AR(p) projection-error variance keeps decreasing past p_{true} , producing non-monotone (sometimes anti-Schwarz) behaviour in T . Simulation evidence: 0–29% correct selection at $p_{\text{true}} = 2$ across all DGP cells and $T \leq 10,000$ (Ahsan, Dufour and Rodriguez-Rondon 2026). Retained for paper-reproducibility of the documented failure-case results; **use BIC_HR / AIC_HR for theoretically consistent AR-order selection.**

Lower is better; argmin over a grid of candidate p (see [svp_AR_order](#)) selects the AR order.

Value

Named numeric vector of the requested criteria. Lower is better.

Leverage invariance of non-Kalman criteria

Leverage does not affect AIC_YW, BIC_YW, or BIC_Whittle: under the W-ARMA-SV parameterization $\text{Cov}(v_t, \varepsilon_{t-1}) = 0$ for all three error distributions (odd-times-even moment symmetry), so the autocovariance structure of y_t^* is invariant to the leverage parameter. The *_HR and *_Kalman criteria do incorporate leverage through the estimated δ_p and the conditional state innovation variance.

References

- Akaike, H. (1974). A new look at the statistical model identification. *IEEE Transactions on Automatic Control* 19(6), 716–723. doi:10.1109/TAC.1974.1100705
- Schwarz, G. (1978). Estimating the dimension of a model. *Annals of Statistics* 6(2), 461–464. doi:10.1214/aos/1176344136
- Shibata, R. (1976). Selection of the order of an autoregressive model by Akaike’s information criterion. *Biometrika* 63(1), 117–126. doi:10.1093/biomet/63.1.117
- Hannan, E. J. (1980). The estimation of the order of an ARMA process. *Annals of Statistics* 8(5), 1071–1081. doi:10.1214/aos/1176345144
- Hannan, E. J., and Rissanen, J. (1982). Recursive estimation of mixed autoregressive-moving average order. *Biometrika* 69(1), 81–94. doi:10.1093/biomet/69.1.81
- Pötscher, B. M. (1989). Model selection under nonstationarity: Autoregressive models and stochastic linear regression models. *Annals of Statistics* 17(3), 1257–1274. doi:10.1214/aos/1176347267
- Whittle, P. (1953). Estimation and information in stationary time series. *Arkiv för Matematik* 2, 423–434. doi:10.1007/BF02590998
- Dunsmuir, W. (1979). A central limit theorem for parameter estimation in stationary vector time series and its application to models for a signal observed with noise. *Annals of Statistics* 7(3), 490–506. doi:10.1214/aos/1176344671

Hurvich, C. M., and Tsai, C.-L. (1989). Regression and time series model selection in small samples. *Biometrika* 76(2), 297–307. doi:10.1093/biomet/76.2.297

Kim, S., Shephard, N., and Chib, S. (1998). Stochastic volatility: likelihood inference and comparison with ARCH models. *Review of Economic Studies* 65(3), 361–393. doi:10.1111/1467-937X.00050

White, H. (1982). Maximum likelihood estimation of misspecified models. *Econometrica* 50(1), 1–25. doi:10.2307/1912526

Ahsan, M. N., Dufour, J.-M., and Rodriguez-Rondon, G. (2026). Estimation and inference for stochastic volatility models with heavy-tailed distributions. Bank of Canada Staff Working Paper 2026-8. doi:10.34989/swp20268

See Also

[svp_AR_order](#), [svp](#), [filter_svp](#)

Examples

```
set.seed(1)
y <- sim_svp(2000, phi = 0.95, sigy = 1, sigv = 0.5)$y
fit1 <- svp(y, p = 1)
fit2 <- svp(y, p = 2)
svp_IC(fit1)
svp_IC(fit2)
```

Index

filter_svp, 2, 4, 24–26, 28
forecast_svp, 4

lmc_ar, 5
lmc_ged, 7
lmc_lev, 8
lmc_t, 10

mmc_ar, 11
mmc_ged, 13
mmc_lev, 15
mmc_t, 17

sim_svp, 18
svp, 3, 4, 18, 20, 20, 23–26, 28
svp_AR_order, 3, 24, 27, 28
svp_IC, 3, 24, 25, 25
svpSE, 22, 23