

Of Copulas, Quantiles, Ranks and Spectra: an L1-approach to spectral analysis

Holger Dette, Ruhr University Bochum
Marc Hallin, ECARES, Universite Libre de Bruxelles, and ORFE, Princeton University
Tobias Kley, Ruhr University Bochum
Stanislav Volgushev*, Ruhr University Bochum, Stanislav.Volgushev@rub.de

In this talk we discuss an alternative method for the spectral analysis of a strictly stationary time series. We define a "new" spectrum as the Fourier transform of the differences between copulas of the pairs with lag k and the independence copula. This object is called copula spectral density kernel and allows to separate marginal and serial aspects of a time series. We show that it is intrinsically related to the concept of quantile regression. Like in quantile regression, which provides more information about the conditional distribution than the classical location-scale model, the copula spectral density kernel is more informative than the spectral density obtained from the auto-covariances. In particular the approach provides a complete description of the distributions of all pairs with lag k . Moreover, it inherits the robustness properties of classical quantile regression, because it does not require any distributional assumptions such as the existence of finite moments. In order to estimate the copula spectral density kernel we introduce rank-based Laplace periodograms which are calculated as bilinear forms of weighted L1-projections of the ranks of the observed time series onto a harmonic regression model. We comment on the asymptotic properties of the proposed estimators and discuss several possible extensions.

Key Words: Quantile Regression, Spectral Analysis, Robustness, Ranks