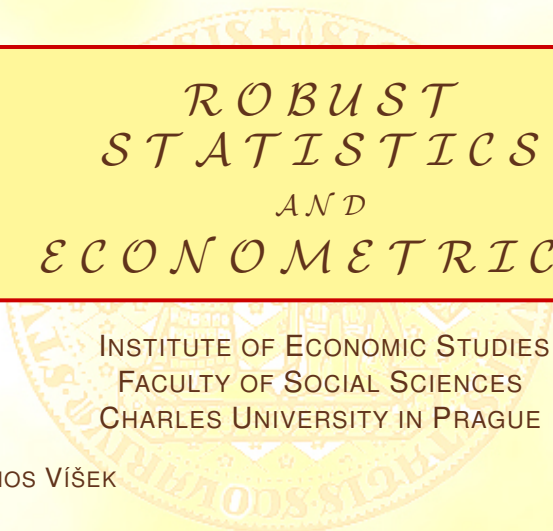




INSTITUTE OF ECONOMIC STUDIES, FACULTY OF SOCIAL SCIENCES
CHARLES UNIVERSITY IN PRAGUE (*established 1348*)




*ROBUST
STATISTICS
AND
ECONOMETRICS*

INSTITUTE OF ECONOMIC STUDIES
FACULTY OF SOCIAL SCIENCES
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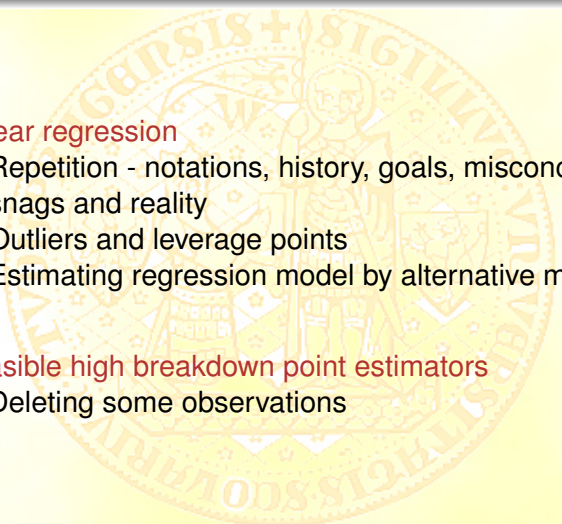
JAN ÁMOS VÍŠEK

Week 6


Content of lecture

- 
- 1 **Linear regression**
 - Repetition - notations, history, goals, misconceptions, snags and reality
 - Outliers and leverage points
 - Estimating regression model by alternative methods


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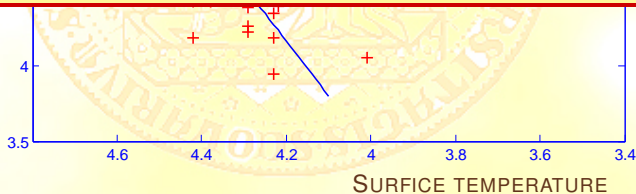
Recalling notations we have fixed in the the first lecture.

REGRESSION MODEL

$$\begin{aligned} Y_i &= X_i' \beta^0 + e_i \\ &= X_{i1} \beta_1^0 + X_{i2} \beta_2^0 + \dots + X_{ip} \beta_p^0 + e_i, \end{aligned}$$

$i = 1, 2, \dots, n$

Y_i	-	RESPONSE VARIABLE	(for i -th object, known)
$X_i \in R^p$	-	EXPLANATORY VARIABLES	(for i -th object, known)
β^0	-	<u>REGRESSION COEFFICIENTS</u>	("true", unknown)
e_i	-	DISTURBANCES, ERROR TERM	(for i -th object, unknown)



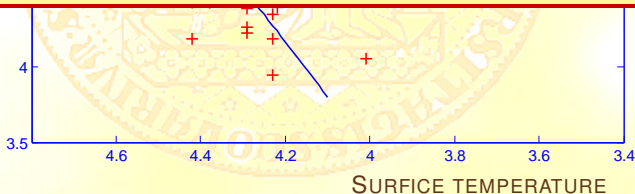
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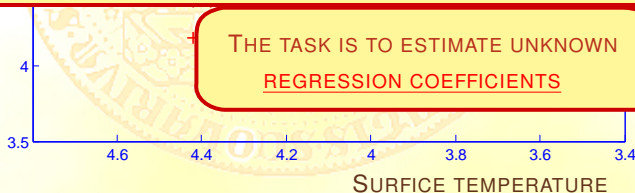
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Enlarging a bit notations

LUMINOUS

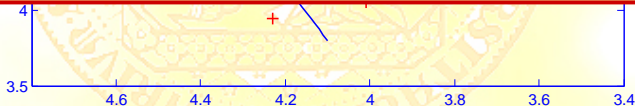
+

Today we will need also matrix notations:

REGRESSION MODEL

$$Y = X\beta^0 + e$$

- | | | |
|------------------------|---|------------------------------------|
| $Y \in R^n$ | - | RESPONSE VARIABLE AS A VECTOR |
| $X \in R^n \times R^p$ | - | DESIGN MATRIX |
| β^0 | - | <u>REGRESSION COEFFICIENTS</u> |
| $e \in R^n$ | - | DISTURBANCES, ERROR TERM AS VECTOR |



SURFICE TEMPERATURE

Recalling recommendable framework

We should use always the model with intercept, i. e. with design matrix

$$\begin{bmatrix} 1, & X_{1,2}, & \dots, & X_{1,p} \\ 1, & X_{2,2}, & \dots, & X_{2,p} \\ \vdots & \vdots & \vdots & \vdots \\ 1, & X_{n,2}, & \dots, & X_{n,p} \end{bmatrix}$$

with one exception

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It force the estimator to do one important thing. Which one?

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(We in fact impute an additional information into processing the data.)

A drop of history

THE MOST FREQUENTLY USED METHODS

LUMINOUS
OUTPUT

MAXIMUM LIKELIHOOD

$$\hat{\beta}^{(ML,n)} = \underset{\beta \in \mathbb{R}^p}{\text{ARG MAX}} \prod_{i=1}^n f(Y_i - X_i' \beta)$$

Laplace, P. S. (1774): Mémoire sur la probabilité
des causes par les évènements.
*Mémoires de l'Académie royale des sciences présentés
par divers savans 6, 621 – 656.*

SURFACE TEMPERATURE

A drop of history

THE MOST FREQUENTLY USED METHODS

LUMINOUS
OUTPUT

THE METHOD OF THE LEAST SQUARES

$$\hat{\beta}^{(LS,n)} = \underset{\beta \in \mathbb{R}^p}{\text{ARG MIN}} \sum_{i=1}^n (Y_i - X_i \beta)^2$$

Legendre, A. M. (1805): *Nouvelles méthodes pour*

la détermination des orbites des comètes.

Paris, Courcier.

Gauss, C. F. (1809): *Theoria molus corporum celestium.*

Hamburg, Perthes et Besser.

SURFICE TEMPERATURE

A bit of theory

THE MOST FREQUENTLY USED METHODS

LUMINOUS
OUTPUT

THE LEAST SQUARES

Equivalence of estimators

If the error terms are normally distributed,
the estimators coincide, i. e.

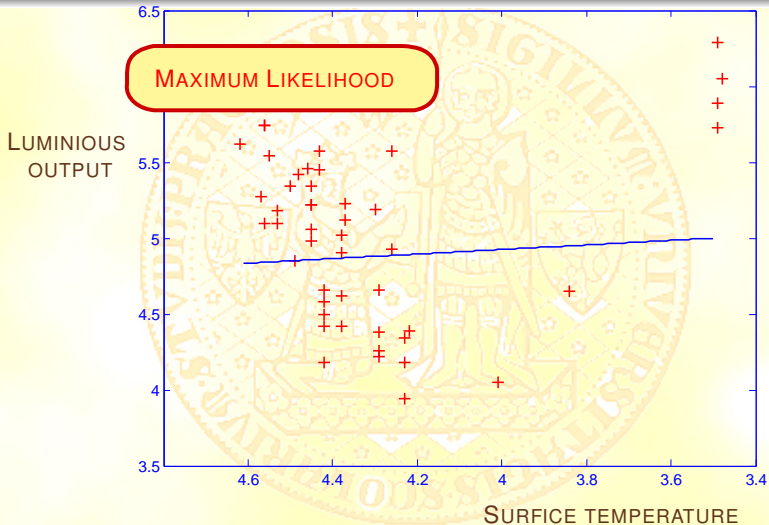
MAXIMUM

$$\hat{\beta}^{(LS,n)} = \hat{\beta}^{(ML,n)}$$

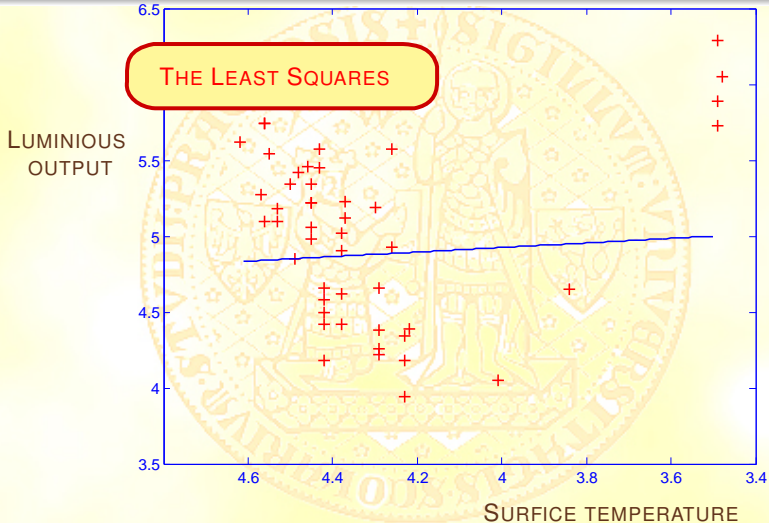
$\beta \in \mathbb{R}^p$

SURFICE TEMPERATURE

A bit of theory



A bit of theory



Estimating by means of L_1 metric


$$\hat{\beta}^{(L_1, n)} = \arg \min_{\beta \in \mathbb{R}^p} \sum_{i=1}^n |Y_i - X_i' \beta|$$

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Boscovich, R. J. (1757): De litteraria expeditione per pontificiam
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exemplaria etiam sensorum impressa.

Bononiensi Scientiarum et Artium Instituto

Atque Academia Commentarii 4, 353-396.

Laplace, P. S. (1793): Sur quelques points du systeme du mode.

Memoires de l'Academic Royale des Sciences de Paris, 1-87.

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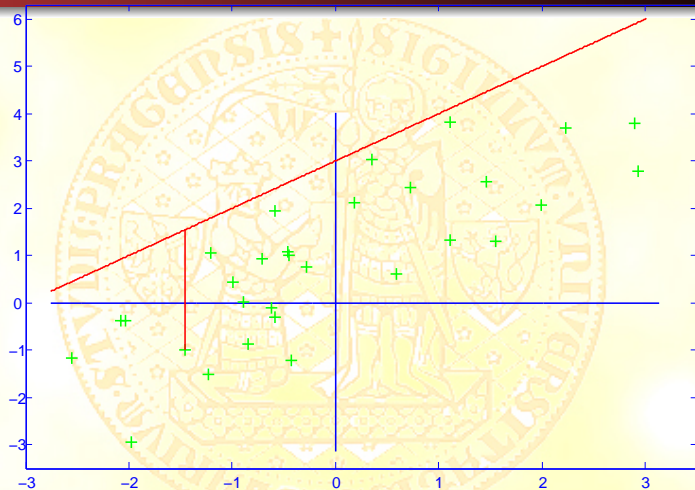
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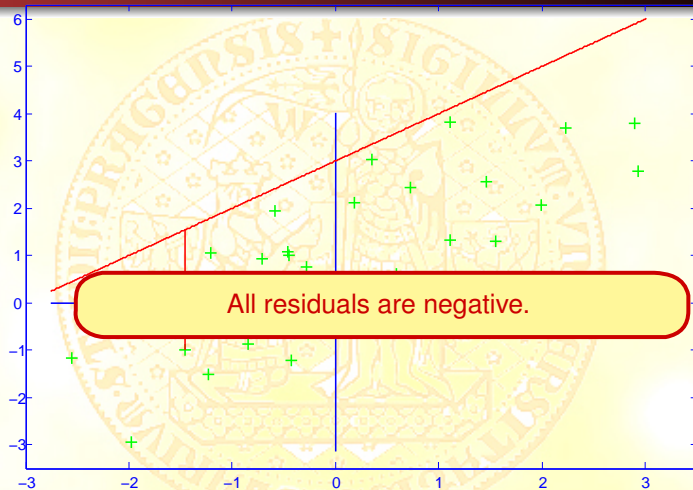
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(A hint on the next slide!!)

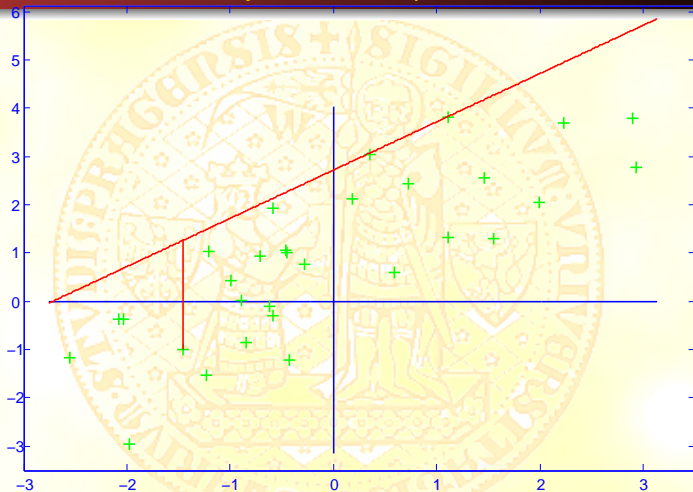
The solution can be found by the rule and pencil.



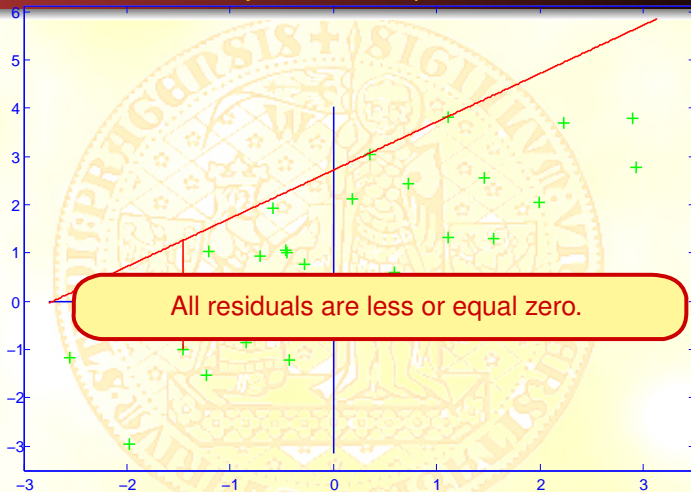
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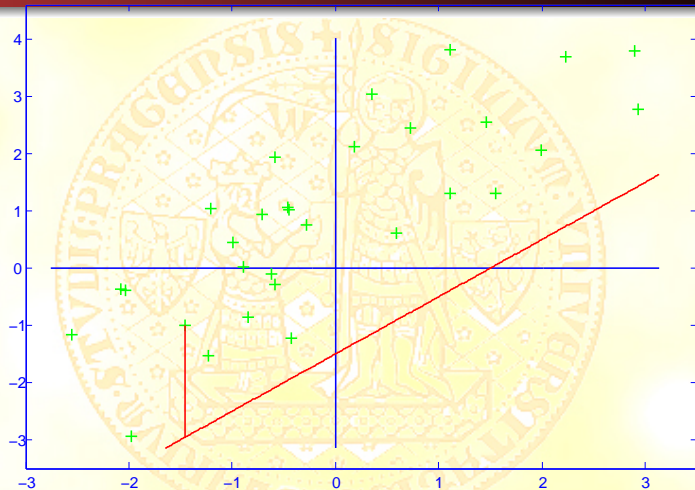
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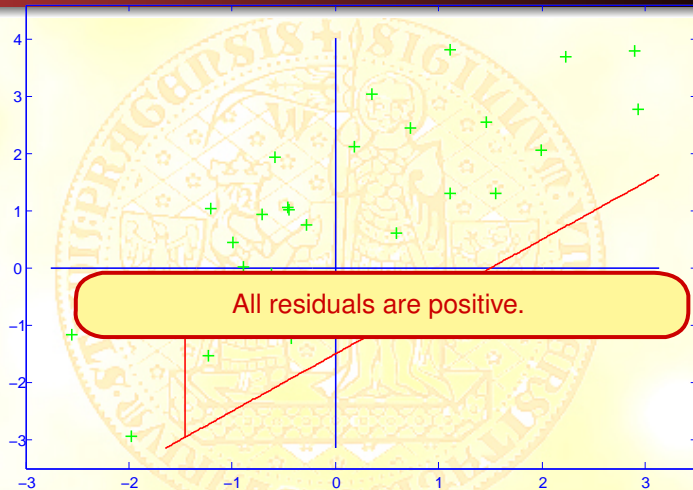
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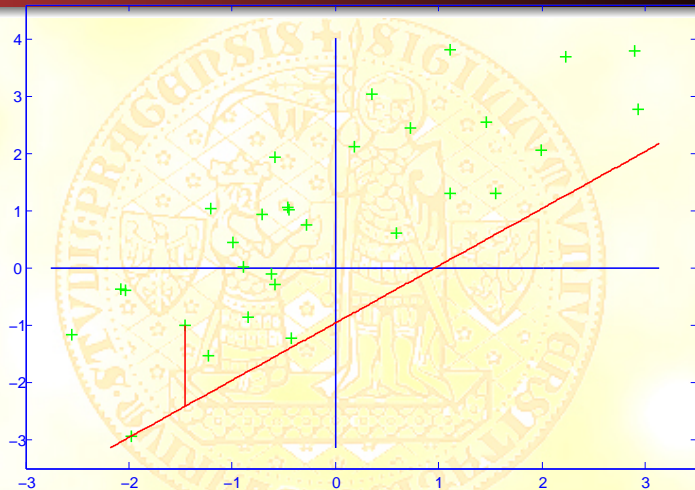
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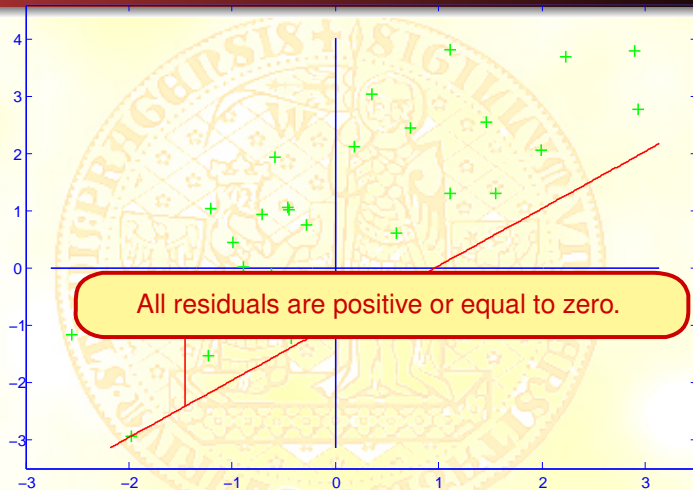
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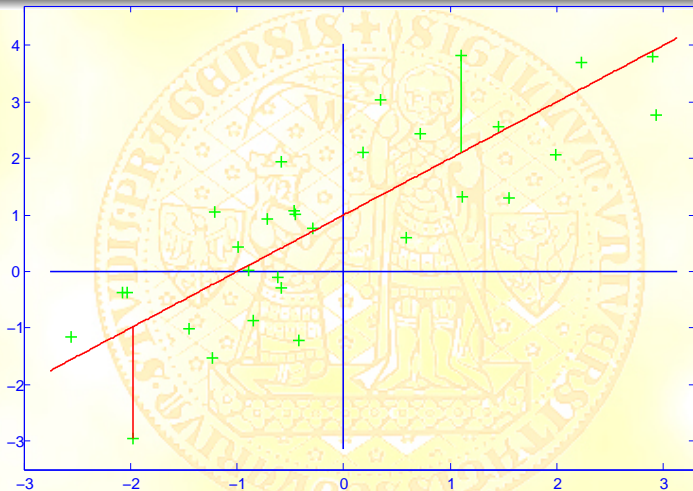
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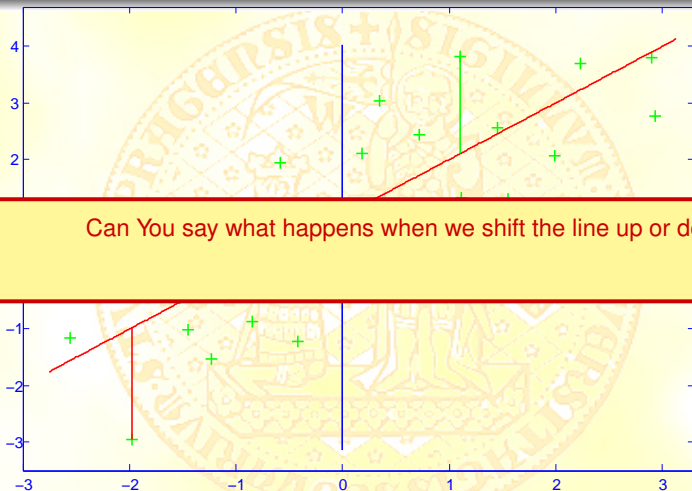
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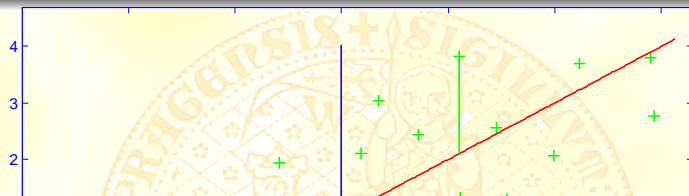


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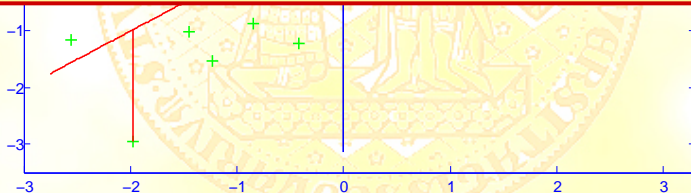


Can You say what happens when we shift the line up or down?

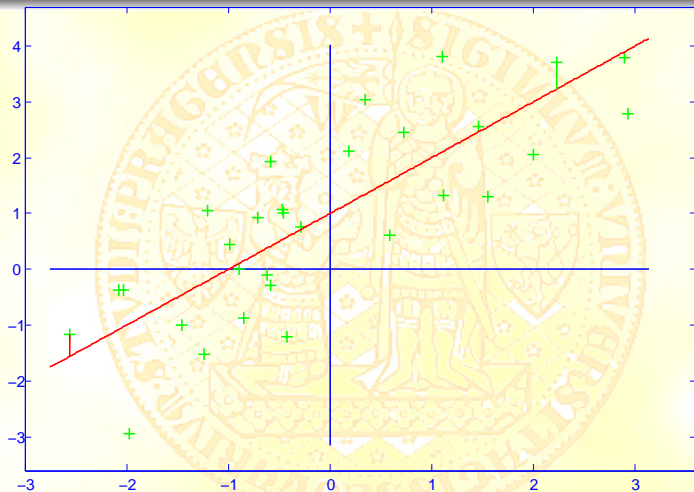
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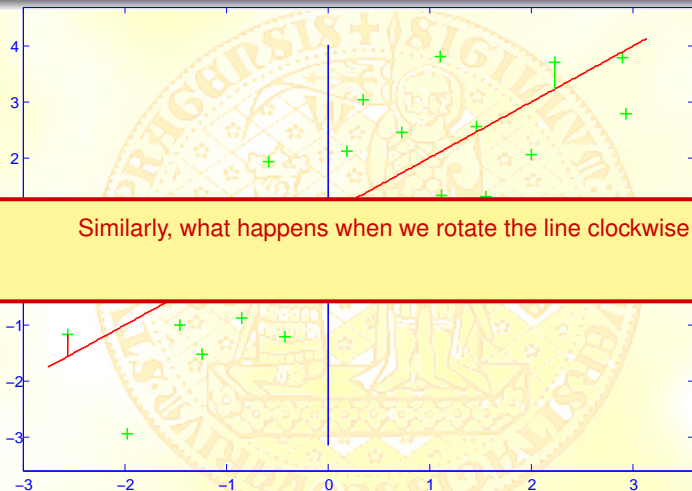
Can You say what happens when we shift the line up or down?
The sum of absolute values of the green and the red residuals doesn't change.



The solution can be found by the rule and pencil.

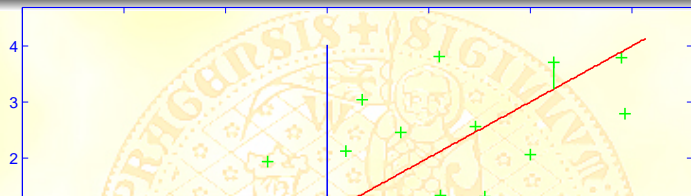


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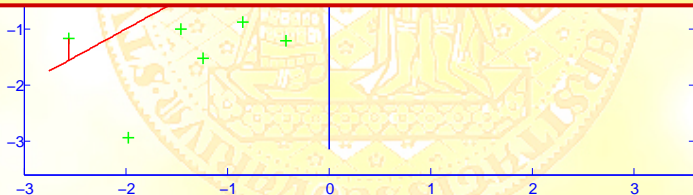


Similarly, what happens when we rotate the line clockwise a bit?

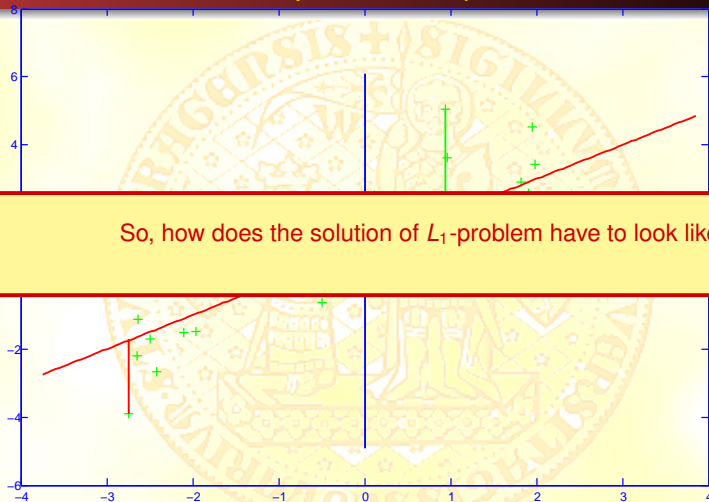
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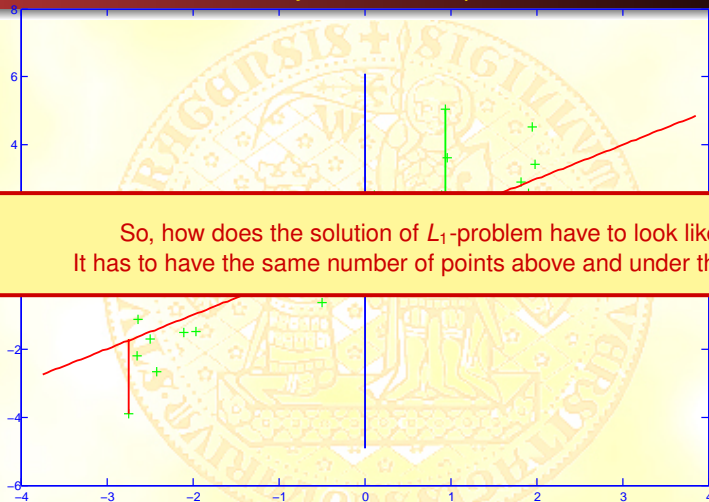
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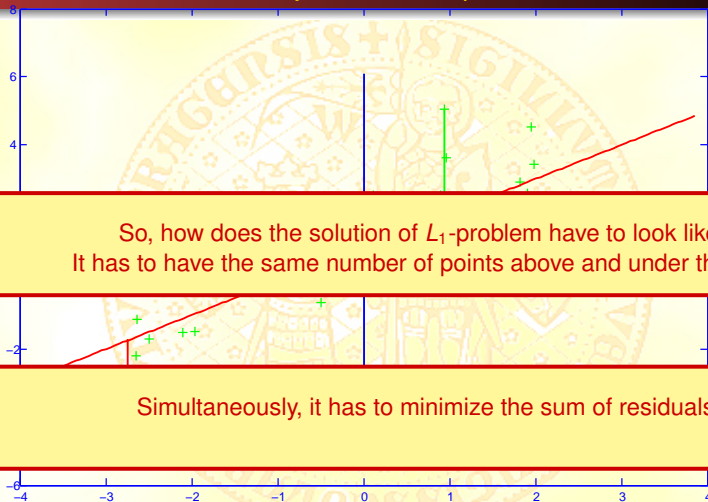


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So, how does the solution of L_1 -problem have to look like?
It has to have the same number of points above and under the line.

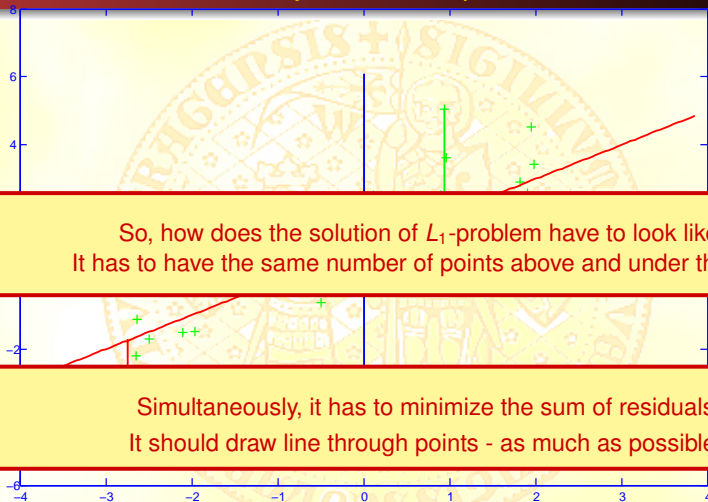
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It has to have the same number of points above and under the line.

Simultaneously, it has to minimize the sum of residuals.

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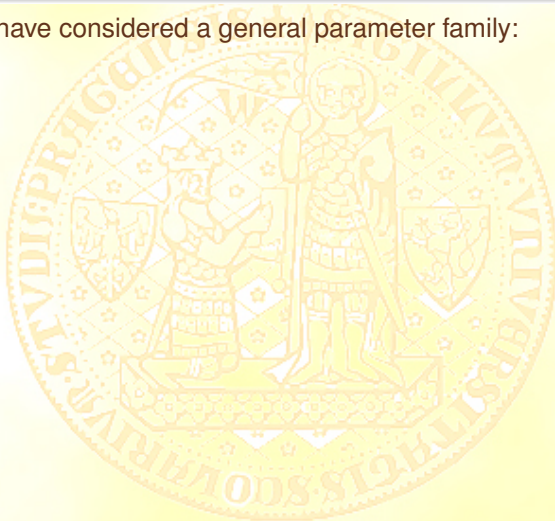


So, how does the solution of L_1 -problem have to look like?
It has to have the same number of points above and under the line.

Simultaneously, it has to minimize the sum of residuals.
It should draw line through points - as much as possible.

In the 5th lecture M -estimators for general parameter were considered.

We have considered a general parameter family:



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Then we have put:

The solution of the extremal problem

$$\hat{\theta}^{(M,n)} = \arg \min_{\theta \in \Theta} \sum_{i=1}^n \rho(x_i, \theta)$$

is called *Maximum likelihood-like estimators of the parameter θ*
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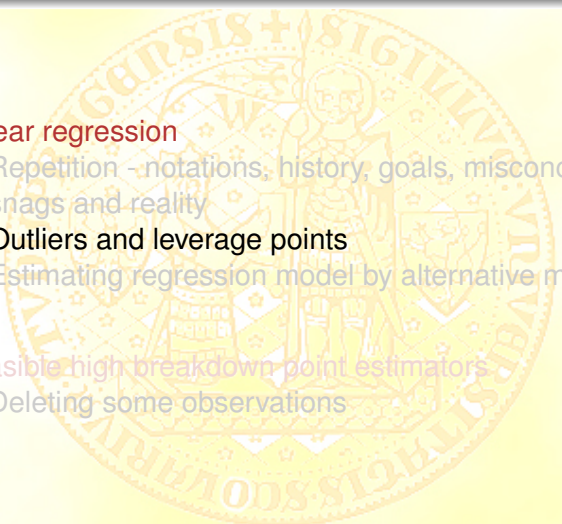
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(We are going to specify it for the regression framework
but prior to it let's define outliers and leverage points.)

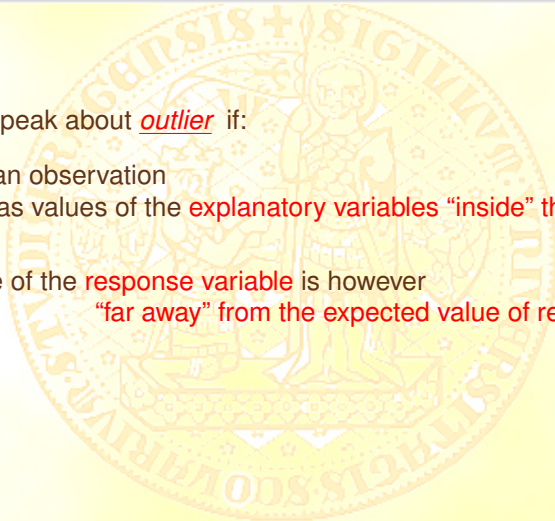
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Influential observations - outliers

We speak about outlier if:

There is an observation
which has values of the **explanatory variables** “inside” the “cloud of data”,
the value of the **response variable** is however
“far away” from the expected value of response variable.



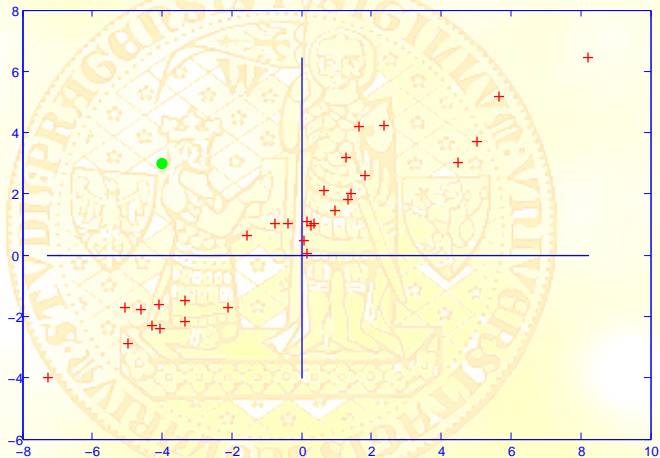
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From possible influential points this is **less dangerous**
- the figure on the next slide says much more.

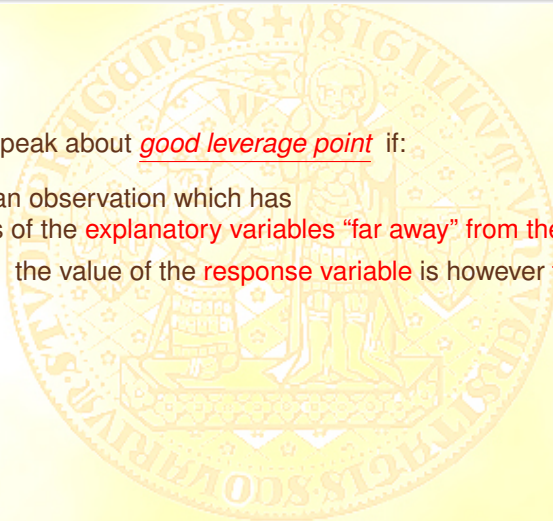
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Influential observations - leverage point

We speak about good leverage point if:

There is an observation which has values of the explanatory variables “far away” from the “cloud of data”, the value of the response variable is however the expected one.

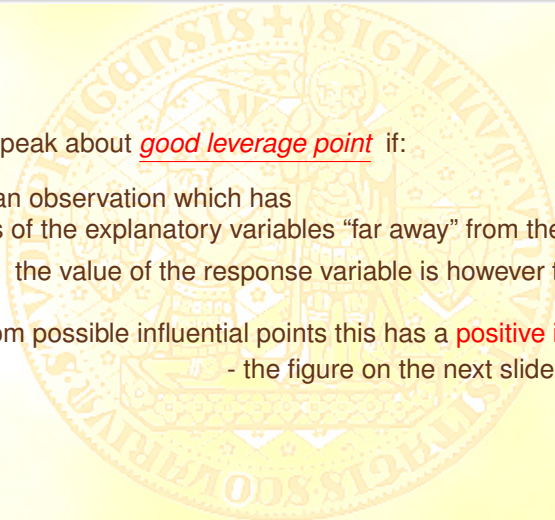


Influential observations - leverage point

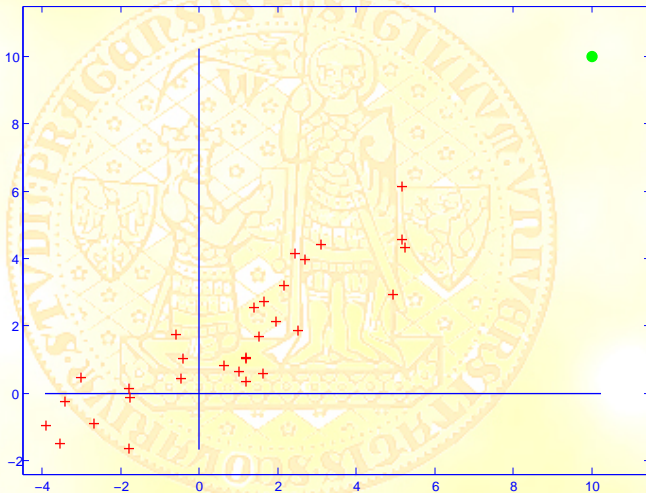
We speak about good leverage point if:

There is an observation which has values of the explanatory variables “far away” from the “cloud of data”, the value of the response variable is however the expected one.

From possible influential points this has a **positive influence** - the figure on the next slide says much more.



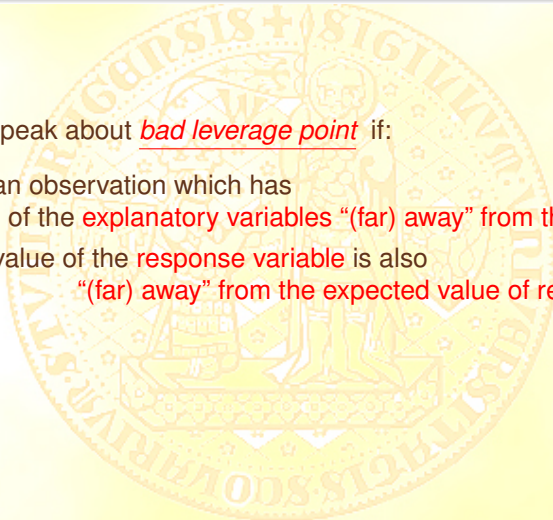
Influential observations - leverage point



Influential observations - leverage point

We speak about bad leverage point if:

There is an observation which has values of the explanatory variables “(far) away” from the “cloud of data” and the value of the response variable is also “(far) away” from the expected value of response variable.



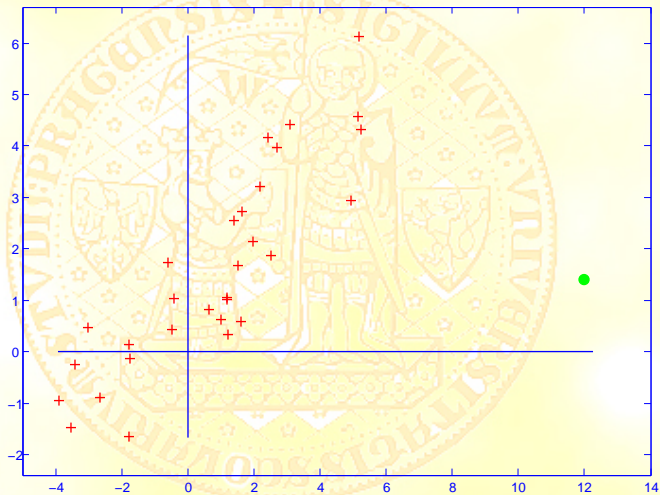
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From possible influential points this is **the most dangerous**
- the figure on the next slide says much more.

Influential observations - leverage point



Basic diagnostic tool

Hat matrix

$$X(X'X)^{-1}X'$$

$$\begin{bmatrix} \vdots \\ \vdots \\ \vdots \\ \vdots \\ \vdots \end{bmatrix} \left(\begin{bmatrix} \vdots \\ \vdots \\ \vdots \\ \vdots \\ \vdots \end{bmatrix} \begin{bmatrix} \vdots \\ \vdots \\ \vdots \\ \vdots \\ \vdots \end{bmatrix} \right)^{-1} \begin{bmatrix} \vdots \\ \vdots \\ \vdots \\ \vdots \\ \vdots \end{bmatrix} = \begin{bmatrix} \vdots \\ \vdots \\ \vdots \\ \vdots \\ \vdots \end{bmatrix}$$

and its diagonal - see the next several slides.

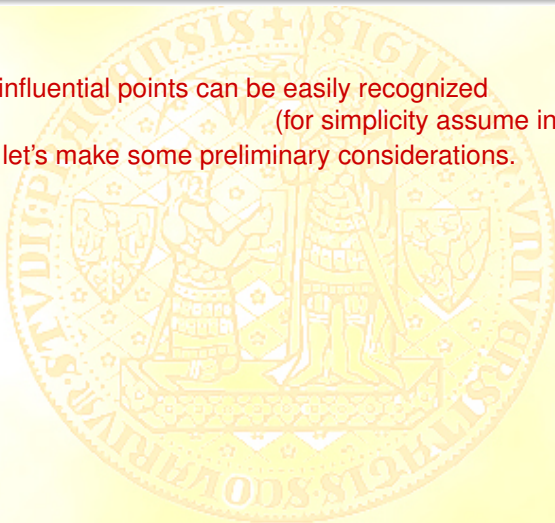
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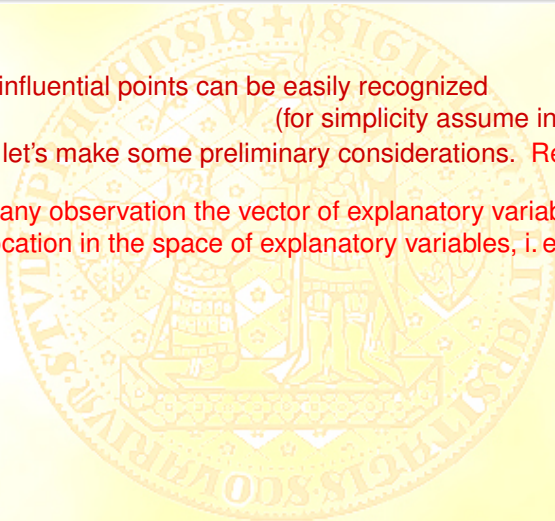


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- 1 for any observation the vector of explanatory variables X_i specifies its location in the space of explanatory variables, i. e. in R^p ,
- 2 $\|X_i\| = \sqrt{\sum_{j=1}^p X_{ij}^2}$ is the length of vector X_i ,
i. e. the distance of observation from the origin in R^p ,

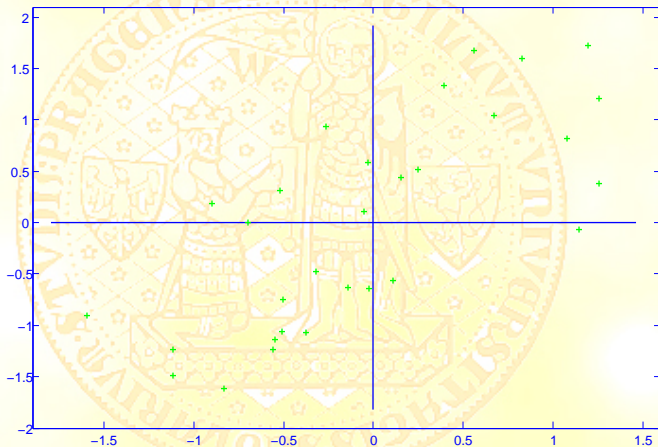
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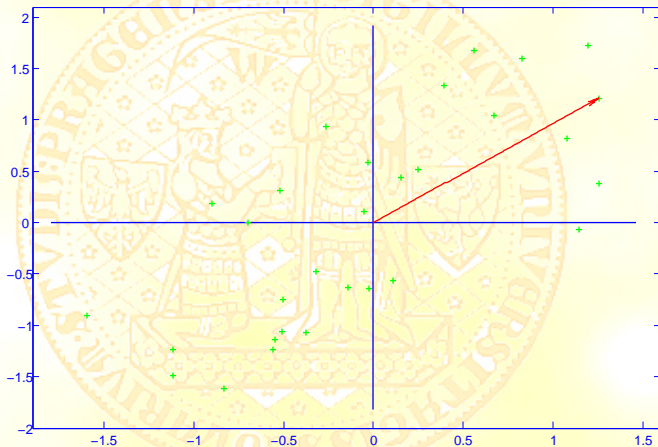
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- 1 for any observation the vector of explanatory variables X_i specifies its location in the space of explanatory variables, i. e. in R^p ,
- 2 $\|X_i\| = \sqrt{\sum_{j=1}^p X_{ij}^2}$ is the length of vector X_i ,
i. e. the distance of observation from the origin in R^p ,
- 3 $\|X_i\|^2 = \sum_{j=1}^p X_{ij}^2 = X_i' I X_i$ where I is the (diagonal) unit matrix,

Continuing in preliminary considerations



Continuing in preliminary considerations



Recognizing the influential points

All these influential points can be easily recognized
(for simplicity assume intercept in model).

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- 4 substitute I by $(X'X)^{-1}$
and find what the value $d^2(X_i) = X_i' (X'X)^{-1} X_i$ represents.

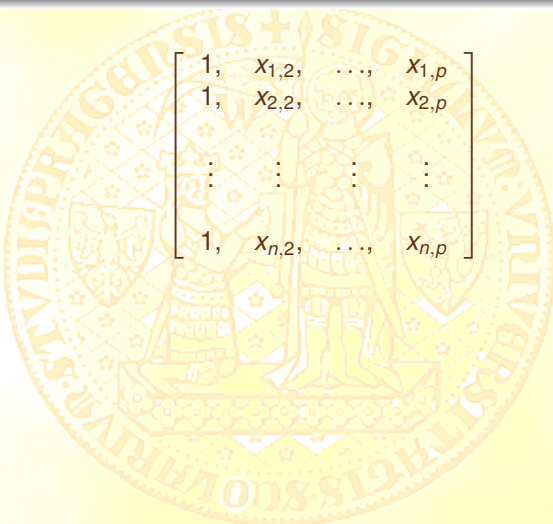
Continuing in preliminary considerations

What is $d^2(X_j) = X_j' (X'X)^{-1} X_j$?

- 1 The first row (and the first column, of course) of $X'X$ is

$$n\bar{X}' = \left(n, \sum_{i=1}^n X_{i2}, \sum_{i=1}^n X_{i3}, \dots, \sum_{i=1}^n X_{ip} \right).$$

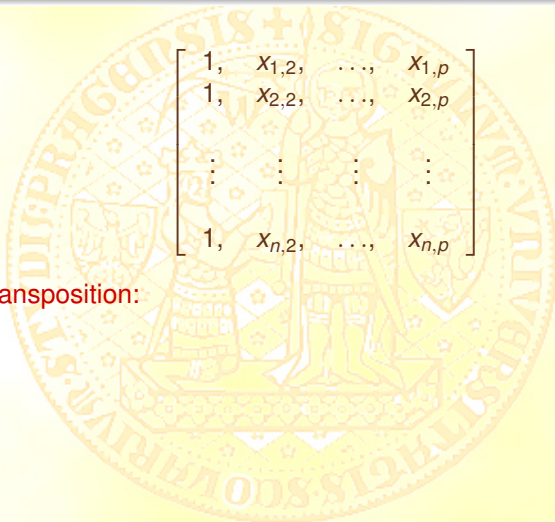
Recalling the design matrix


$$\begin{bmatrix} 1, & X_{1,2}, & \dots, & X_{1,p} \\ 1, & X_{2,2}, & \dots, & X_{2,p} \\ \vdots & \vdots & \vdots & \vdots \\ 1, & X_{n,2}, & \dots, & X_{n,p} \end{bmatrix}$$

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Recalling the design matrix

Hence the first line of the matrix given by the product

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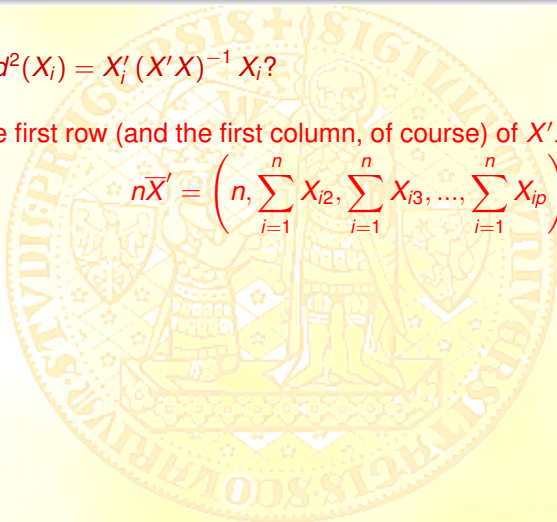
$$\text{is } (n, \sum_{i=1}^n X_{i2}, \sum_{i=1}^n X_{i3}, \dots, \sum_{i=1}^n X_{ip}) = n\bar{X}'.$$

Continuing in preliminary considerations

What is $d^2(X_j) = X_j' (X'X)^{-1} X_j$?

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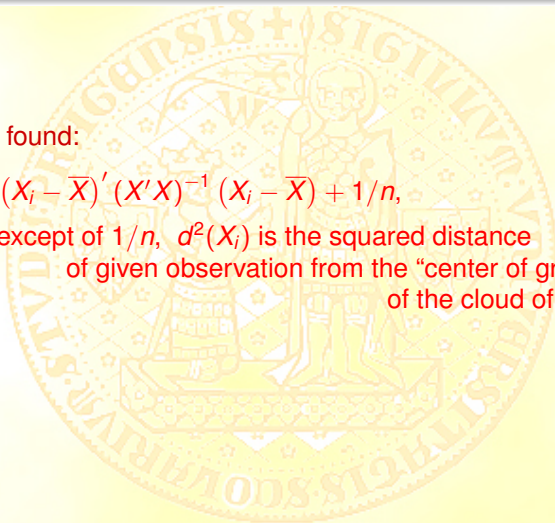
$$\begin{aligned} &= X_i' (X'X)^{-1} X_i - \bar{X}' (X'X)^{-1} X_i - X_i' (X'X)^{-1} \bar{X} + \bar{X}' (X'X)^{-1} \bar{X} \\ &= d^2(X_i) - 1/n - 1/n + 1/n = d^2(X_i) - 1/n. \end{aligned}$$

Continuing in preliminary considerations

We have found:

$$d^2(X_i) = (X_i - \bar{X})' (X'X)^{-1} (X_i - \bar{X}) + 1/n,$$

i. e. except of $1/n$, $d^2(X_i)$ is the squared distance
of given observation from the “center of gravity”
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Continuing in preliminary considerations

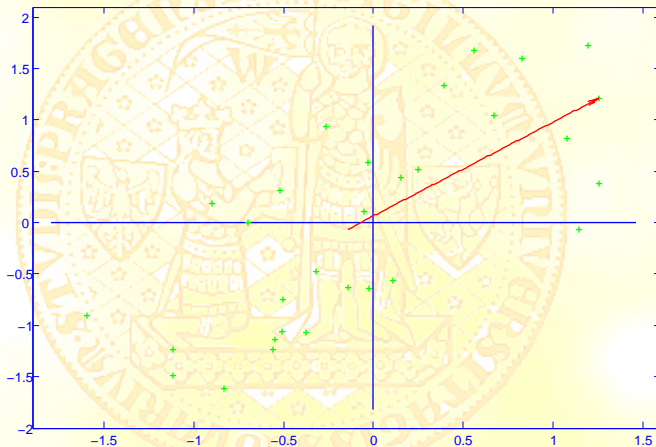
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Can we make an idea how large it is (typically)?

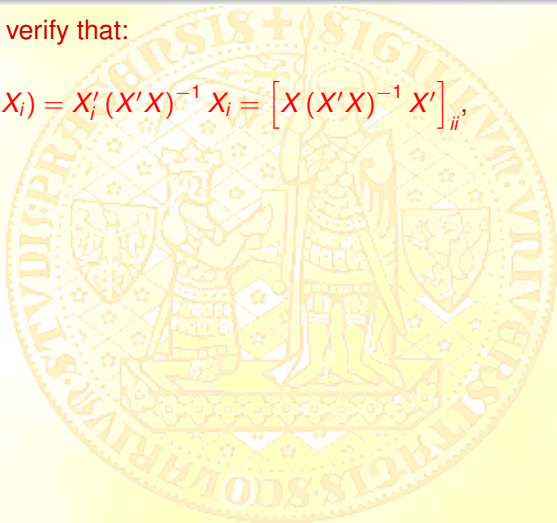
Continuing in preliminary considerations



Continuing in preliminary considerations

We easy verify that:

$$\textcircled{1} \quad d^2(X_i) = X_i' (X'X)^{-1} X_i = \left[X (X'X)^{-1} X' \right]_{ii}$$



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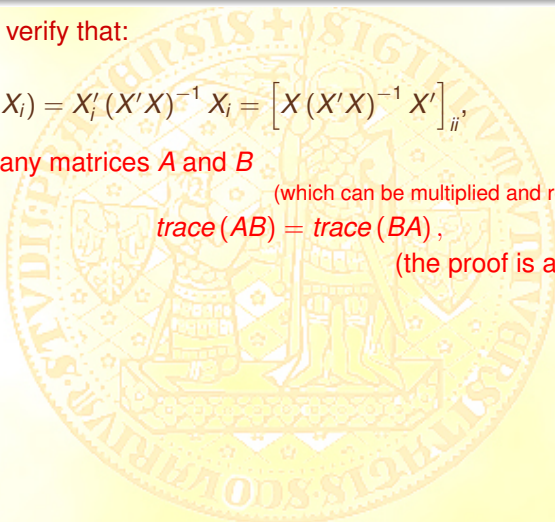
① $d^2(X_i) = X_i' (X'X)^{-1} X_i = \left[X (X'X)^{-1} X' \right]_{ii}$,

② for any matrices A and B

(which can be multiplied and result is square matrix)

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A lot of information can be found in

Chatterjee, S., A. S. Hadi (1988):

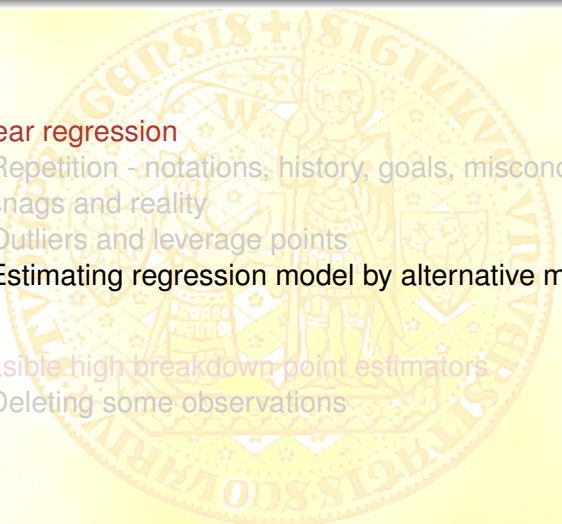
Sensitivity Analysis in Linear Regression.

New York: J. Wiley & Sons.

$$\text{trace} \left(X (X'X)^{-1} X' \right) = \text{trace} \left(X'X (X'X)^{-1} \right) = \text{trace} (I) = p,$$

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Content

- 
- 1 **Linear regression**
 - Repetition - notations, history, goals, misconceptions, snags and reality
 - Outliers and leverage points
 - Estimating regression model by alternative methods
 - 2 Feasible high breakdown point estimators
 - Deleting some observations

M-estimators for the regression framework.

The solution of the extremal problem

$$\hat{\beta}^{(M,n)} = \arg \min_{\beta \in \mathbb{R}^p} \sum_{i=1}^n \rho(Y_i - X_i' \beta)$$

is called

*Maximum likelihood-like estimators of the regression coefficients
or M-estimators of β^0 , for short.*

(We can use the same ρ as for location and scale.)

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We usually adopt some basic assumptions:

Let $F(x, r)$, $x \in R^p$, $r \in R$ be a d.f. (with a density $f(x, r)$) governing the explanatory variables and disturbances in the regression model.

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Evidently this form of definition inevitably implies that $\hat{\beta}^{(M,n)}$ is not
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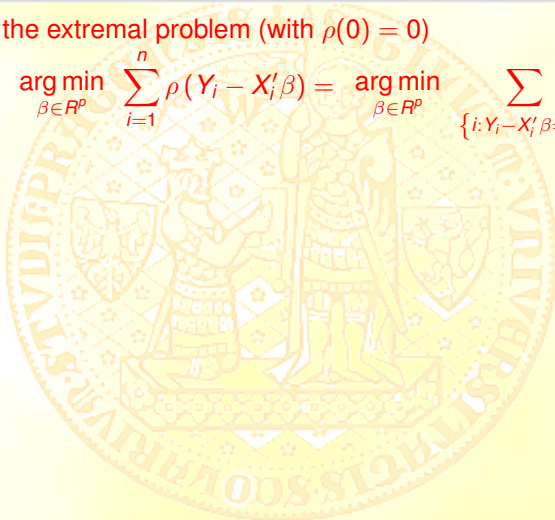
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An advantage - on the other hand -
an easy computation of a solution, see the next slide.

Computing M -estimate of regression coefficients

Consider the extremal problem (with $\rho(0) = 0$)

$$\hat{\beta}^{(M,n)} = \arg \min_{\beta \in \mathbb{R}^p} \sum_{i=1}^n \rho(Y_i - X_i' \beta) = \arg \min_{\beta \in \mathbb{R}^p} \sum_{\{i: Y_i - X_i' \beta \neq 0\}} \rho(Y_i - X_i' \beta).$$



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Antoch, J., J. Á. Víšek (1991):

Robust estimation in linear models and its computational aspects.

Contributions to Statistics: Computational Aspects of Model Choice,
Springer Verlag, (1992), ed. J. Antoch, 39 - 104.

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That is why we usually select a preliminary consistent
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This proposal is frequently used but even experienced statisticians
are not aware that it has a drawback - see the next slide.

Repetition from the 3rd lecture

Equivariance of $\hat{\beta}^{(n)}$

$$\hat{\beta}(Y, X) : M(n, p+1) \rightarrow R^p$$

$$\text{scale-equivariant} : \forall c \in R^+ \quad \hat{\beta}(cY, X) = c\hat{\beta}(Y, X)$$

$$\text{regression-equivariant} : \forall b \in R^p \quad \hat{\beta}(Y + Xb, X) = \hat{\beta}(Y, X) + b$$

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$$\hat{\beta}^{(L_1, n)} = \dots$$

We have justified the requirement of equivariance

What is the equivariance of $\hat{\beta}^{(n)}$ good for ?

- 1 When the units of measurement have been changed,
we don't need to recalculate the estimator
- we just shift the decimal point
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- 1 When the units of measurement have been changed, we don't need to recalculate the estimator
 - we just shift the decimal point (we are used to it from classical statistics).
- 2 The requirement of invariance and equivariance removed superefficiency.

Problems with studentization of residuals

Bickel, P. J. (1975): One-step Huber estimates in the linear model.
J. Amer. Statist. Assoc. 70, 428–433.

To reach scale- and regression-equivariance of an M -estimator by

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The studentization requires special estimator of scale

Equivariance - invariance of $\hat{\sigma}^2$

$$\hat{\sigma}^2(Y, X) : M(n, p + 1) \rightarrow R^+$$

$$\text{scale-equivariant} : \forall c \in R^+ \quad \hat{\sigma}^2(cY, X) = c^2 \hat{\sigma}^2(Y, X)$$

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$$\text{Examples : } s_n^2 = \frac{1}{n-p} \sum_{i=1}^n r_i^2(\hat{\beta}^{(OLS, n)}) \quad \text{if} \quad \mathcal{L}(\varepsilon) = \mathcal{N}(\mu, \sigma^2)$$

$$\hat{\sigma}_{(L_1, n)} = MAD \quad \text{if} \quad \mathcal{L}(\varepsilon) = \text{DoubleExp}(\lambda)$$

$$\hat{\sigma}_{(L_1, n)} = 1.483 \cdot MAD \quad \text{if} \quad \mathcal{L}(\varepsilon) = \mathcal{N}(\mu, \sigma^2)$$

$$MAD = \frac{1}{2} \left| \text{med}_{1 \leq i \leq n} r_i(\hat{\beta}^{(L_1, n)}) - \text{med}_{1 \leq i \leq n} r_i(\hat{\beta}^{(L_1, n)}) \right|,$$

$$E_{\mathcal{N}(0,1)} MAD = (1.483)^{-1}$$

The studentization requires special estimator of scale

There are not too much **estimators** of scale of disturbances
which are consistent, scale-equivariant and regression-invariant:

Croux C., P. J. Rousseeuw (1992):

A class of high-breakdown scale estimators based on subranges.

Communications in Statistics - Theory and Methods 21, 1935 - 1951.

Jurečková, J., P. K. Sen (1993): Regression rank scores scale statistics and studentization in linear models. *Proc. of the Fifth Prague Symposium*

on Asymptotic Statistics, Physica Verlag, 111-121.

Víšek, J. Á. (2010): Robust error-term-scale estimate.

IMS Collections. Nonparametrics and Robustness in Modern Statistical Inference

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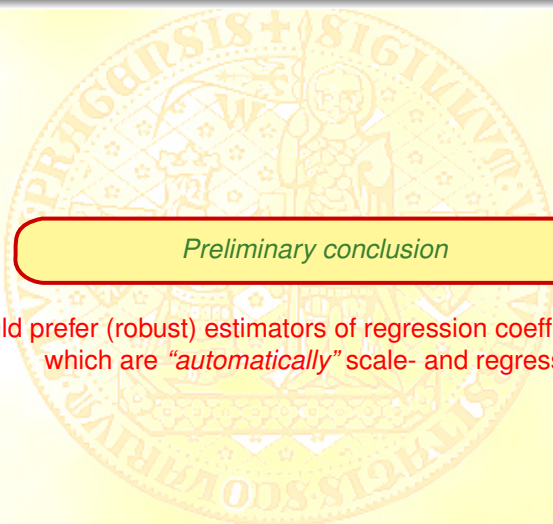
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Their common feature - all these estimators are based
on the scale- and regression-equivariant estimator of β^0 .

*IMS Collections. Nonparametrics and Robustness in Modern Statistical Inference
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Let's remember for the next study:



Preliminary conclusion

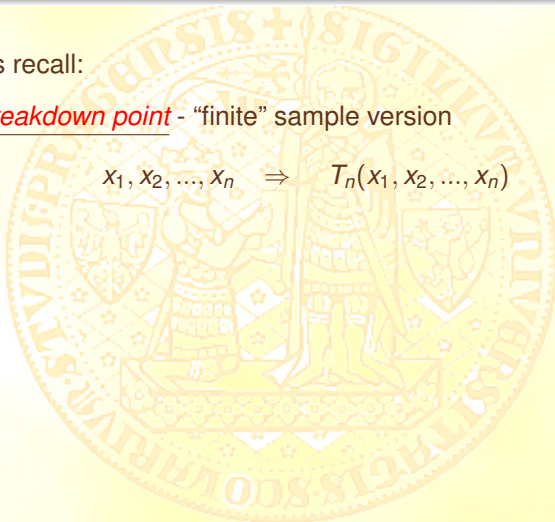
We should prefer (robust) estimators of regression coefficients which are “*automatically*” scale- and regression-equivariant.

A pursuit for highly robust estimator of regression coefficients

Let's recall:

- Breakdown point - "finite" sample version

$$x_1, x_2, \dots, x_n \Rightarrow T_n(x_1, x_2, \dots, x_n)$$



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- Find maximal m_n such that for any

$$y_1, y_2, \dots, y_{m_n} \Rightarrow |T_n(x_1, x_2, \dots, x_{n-m_n}, y_1, y_2, \dots, y_{m_n})| < \infty$$

$$(0 < T_n(x_1, x_2, \dots, x_{n-m_n}, y_1, y_2, \dots, y_{m_n}) < \infty - \text{for scale}).$$

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- Put

$$\epsilon^* = \lim_{n \rightarrow \infty} \frac{m_n}{n}$$

A pursuit for highly robust estimator of regression coefficients

Hampel's approach - characteristics of the functional T at the d. f. F

- Breakdown point - "finite" sample version - examples

$$x_1, x_2, \dots, x_n \Rightarrow T_n(x_1, x_2, \dots, x_n) = \frac{1}{n} \sum_{i=1}^{\infty} x_i.$$

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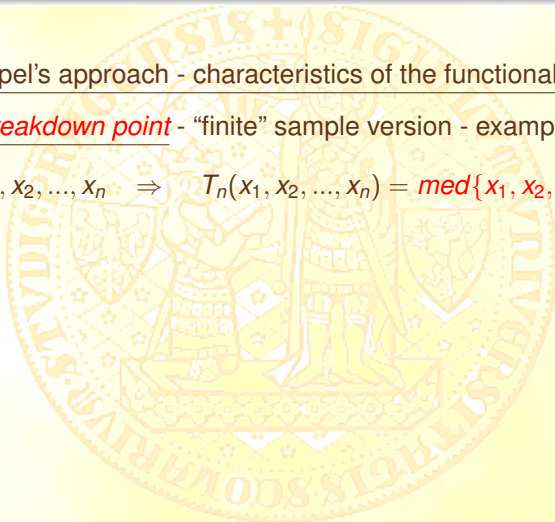
$$\varepsilon^* = 0.$$

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A pursuit for highly robust estimator of regression coefficients

Hence, already in seventies, a question appeared:

CAN WE CONSTRUCT AN ESTIMATOR OF REGRESSION COEFFICIENTS

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see e. g.

ANDREWS, D. F., P. J. BICKEL, F. R. HAMPEL, P. J. HUBER, W. H. ROGERS,
J. W. TUKEY (1972):

Robust Estimates of Location: Survey and Advances.

PRINCETON UNIVERSITY PRESS, PRINCETON, N. J.

or

BICKEL, P. J. (1975): ONE-STEP HUBER ESTIMATES IN THE LINEAR MODEL.

J. Amer. Statist. Assoc. 70, 428–433.

We had: Problems with studentization of residuals

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- we can have still problems.

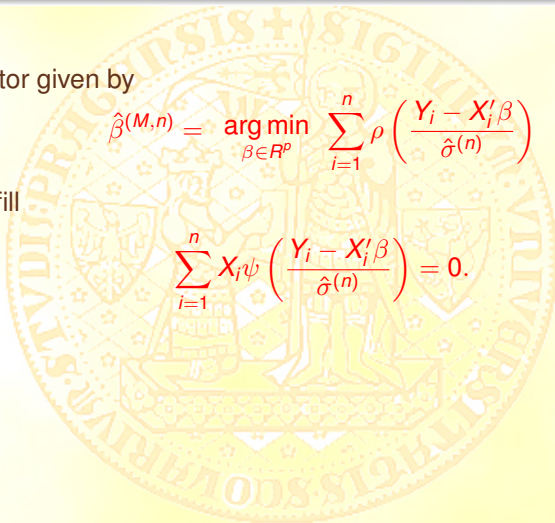
Problems of M -estimators towards leverage points

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If $\|X_i\|$ is large, the i -th observation has large impact on $\hat{\beta}^{(M,n)}$.

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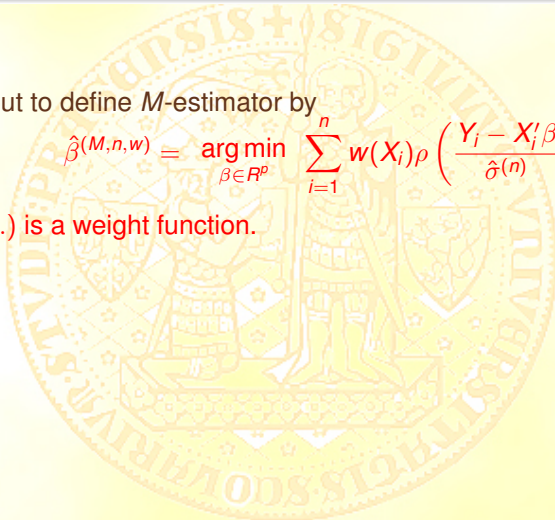
The influence of leverage points on M -estimators can be (very) harmful.

Possible remedy for M -estimators

What about to define M -estimator by

$$\hat{\beta}^{(M,n,w)} = \arg \min_{\beta \in \mathbb{R}^p} \sum_{i=1}^n w(X_i) \rho \left(\frac{Y_i - X_i' \beta}{\hat{\sigma}(n)} \right)$$

where $w(\cdot)$ is a weight function.



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where $w(\cdot)$ is a weight function.

$\hat{\beta}^{(M,n,w)}$ is also called

Generalized Maximum likelihood-like estimator

of the regression coefficients or GM-estimator of β^0 , for short.

A pursuit for highly robust estimator of regression coefficients

Regression quantiles

Koenker, R., G. Bassett (1978): Regression quantiles.

Econometrica, 46, 33-50.

$$\hat{\beta}^{(\alpha)} = \arg \min_{\beta \in \mathbb{R}^p} \left\{ \sum_{i=1}^n [\alpha \cdot |r_i(\beta)| \cdot I\{r_i(\beta) < 0\} + (1 - \alpha) \cdot |r_i(\beta)| \cdot I\{r_i(\beta) > 0\}] \right\}$$

$$\hat{\beta}^{(L,n)} = \sum_{\ell=1}^K c_{\ell} \hat{\beta}^{(\alpha_{\ell})}$$

$\hat{\beta}^{(\alpha)}$ is M - and simultaneously L -estimator

A pursuit for highly robust estimator of regression coefficients

The trimmed least squares (TLS)

Ruppert, D., R. J. Carroll (1980):

Trimmed least squares estimation in linear model.

J. Americal Statist. Ass., 75 (372), 828–838.

Trimming by $\left[x' \cdot \hat{\beta}^{(\alpha_1)}, x' \cdot \hat{\beta}^{(\alpha_2)} \right]$ $0 \leq \alpha_1 < \alpha_2 \leq 1 \rightarrow \hat{\beta}^{(TLS, n)}_{(\alpha_1, \alpha_2)}$

A pursuit for highly robust estimator of regression coefficients

DISAPPOINTMENT

Maronna, R. A., V. J. Yohai (1981): The breakdown point of simultaneous general M -estimates of regression and scale.

J. of Amer. Statist. Association, vol. 86, no 415, 699 - 704.

$$!!! \quad \epsilon^* = \frac{1}{p} \quad !!!$$

(p - dimension of regression model)

The First Estimator with 50% Breakdown Point

Repeated medians

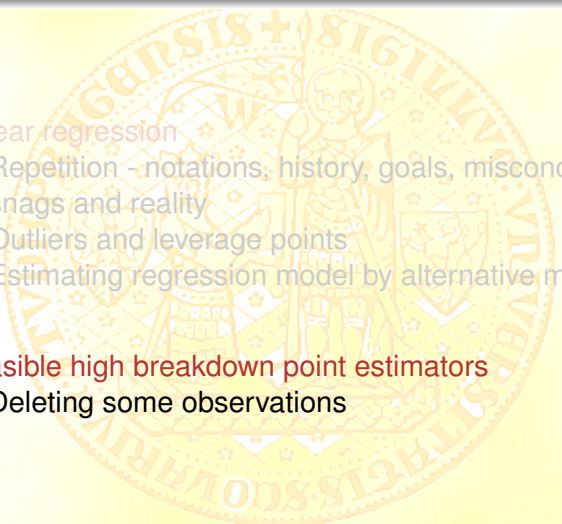
Siegel, A. F. (1982): Robust regression using repeated medians.

Biometrika, 69, 242 - 244.

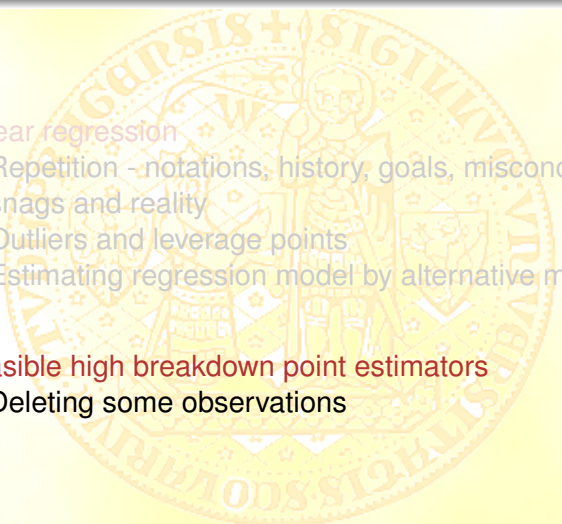
$$\hat{\beta}^{(j)} = \underset{i_1=1,2,\dots,n}{\text{med}} \left(\dots \left(\underset{i_{p-1}=1,2,\dots,n}{\text{med}} \left(\underset{i_p=1,2,\dots,n}{\text{med}} \left(\hat{\beta}_j(i_1, i_2, \dots, i_p) \right) \right) \right) \right)$$

(requiring approx. $p \cdot n^p$ evaluations of model and orderings of estimates of coefficients
- nearly surely never implemented)

Content

- 
- 1 Linear regression
 - Repetition - notations, history, goals, misconceptions, snags and reality
 - Outliers and leverage points
 - Estimating regression model by alternative methods
 - 2 Feasible high breakdown point estimators
 - Deleting some observations

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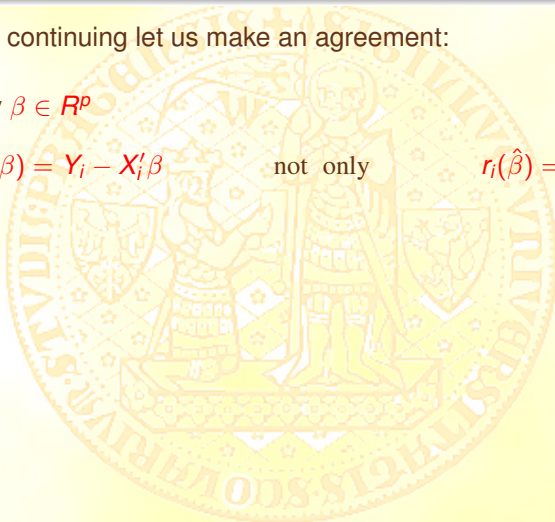
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A pursuit for highly robust estimator of regression coefficients

Prior to continuing let us make an agreement:

For any $\beta \in \mathbb{R}^p$

$$r_i(\beta) = Y_i - X_i' \beta \quad \text{not only} \quad r_i(\hat{\beta}) = Y_i - X_i' \hat{\beta}$$



A pursuit for highly robust estimator of regression coefficients

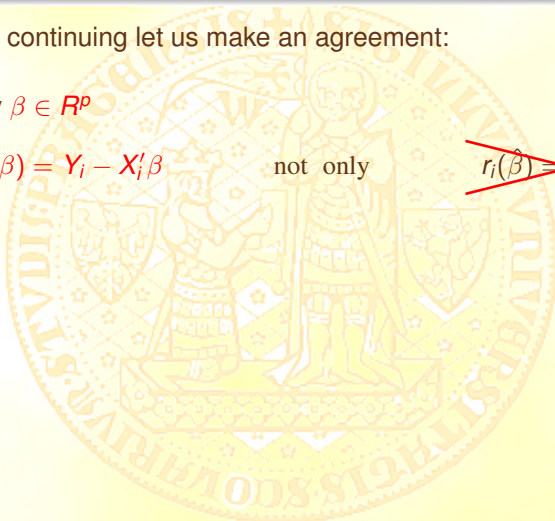
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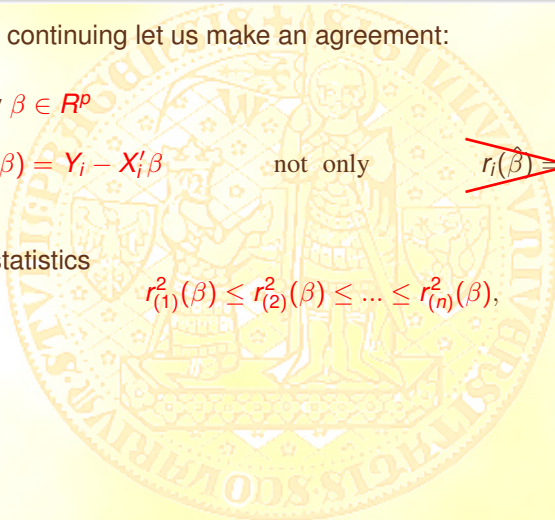
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some texts alternatively employ

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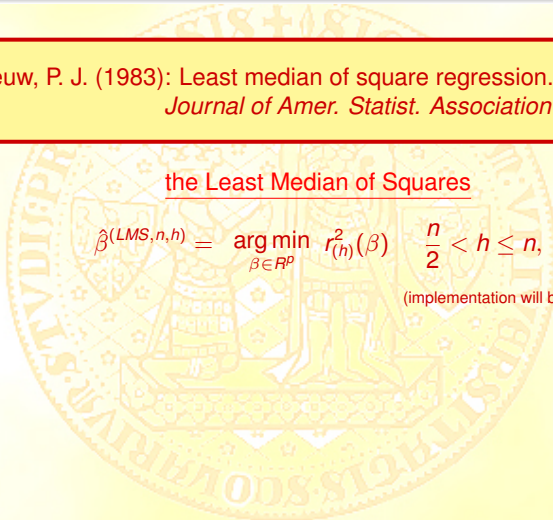
The first solution broke the mystery and implied a chain of others

Rousseeuw, P. J. (1983): Least median of square regression.
Journal of Amer. Statist. Association 79, pp. 871-880.

the Least Median of Squares

$$\hat{\beta}^{(LMS, n, h)} = \arg \min_{\beta \in \mathbb{R}^p} r_{(h)}^2(\beta) \quad \frac{n}{2} < h \leq n,$$

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(without any studentization of residuals).

Main disadvantage

$$\sqrt[3]{n} \left(\hat{\beta}^{(LMS,n,h)} - \beta^0 \right) = \mathcal{O}_p(1) \quad (\text{other will be discussed later}).$$

Let's remove the deficiency of low rate of convergence of LMS

Hampel, F. R., E. M. Ronchetti, P. J. Rousseeuw, W. A. Stahel (1986):
Robust Statistics – The Approach Based on Influence Functions.
New York: J.Wiley & Son.

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- 3 $\sqrt{n} (\hat{\beta}^{(LTS,n,h)} - \beta^0) = \mathcal{O}_p(1)$

Let's increase the efficiency with simultaneously keeping high breakdown point

Rousseeuw, P. J., V. Yohai (1984):

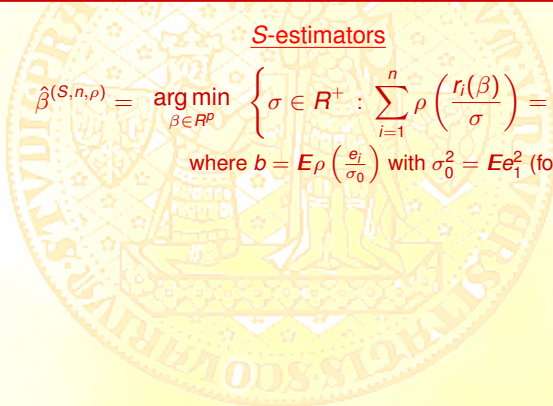
Robust regression by means of S -estimators.

Lecture Notes in Statistics No. 26 Springer Verlag, New York, 256-272.

S -estimators

$$\hat{\beta}^{(S,n,\rho)} = \arg \min_{\beta \in RP} \left\{ \sigma \in R^+ : \sum_{i=1}^n \rho \left(\frac{r_i(\beta)}{\sigma} \right) = b \right\}$$

where $b = E \rho \left(\frac{e_i}{\sigma_0} \right)$ with $\sigma_0^2 = E e_1^2$ (for ρ see next slide).



Let's increase the efficiency with simultaneously keeping high breakdown point

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Many advantages - e. g.

- 1 the breakdown point equal to 50%,

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- 3 $\sqrt{n} \left(\hat{\beta}^{(S,n,\rho)} - \beta^0 \right) = O_p(1),$

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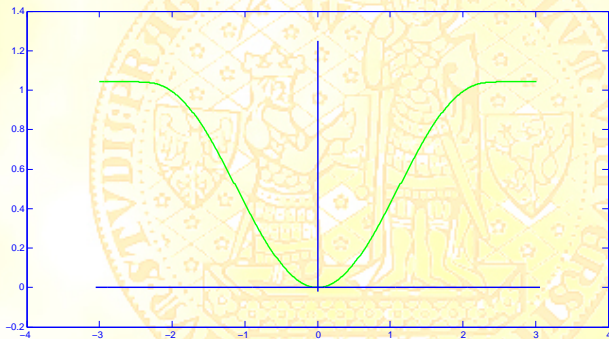
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Many advantages - e. g.

- 1 the breakdown point equal to 50%,
- 2 scale- and regression equivariant,
- 3 $\sqrt{n} \left(\hat{\beta}^{(S,n,\rho)} - \beta^0 \right) = \mathcal{O}_p(1),$
- 4 much better utilization of information from data,
i. e. higher efficiency than LTS.

Peter Rousseeuw's objective function ρ

$\rho : (-\infty, \infty) \rightarrow (0, \infty)$, $\rho(x) \equiv \rho(-x)$, $\rho(0) = 0$, $\rho(x) = c$ for $x > d$.





THANKS FOR ATTENTION