Package ‘RTransferEntropy’

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Type Package

Title Measuring Information Flow Between Time Series with Shannon and Rényi Transfer Entropy

Version 0.2.12

Description Measuring information flow between time series with Shannon and Rényi transfer entropy. See also Dimpfl and Peter (2013) <doi:10.1515/snde-2012-0044> and Dimpfl and Peter (2014) <doi:10.1016/j.intfin.2014.03.004> for theory and applications to financial time series. Additional references can be found in the theory part of the vignette.

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URL https://github.com/BZPaper/RTransferEntropy

BugReports https://github.com/BZPaper/RTransferEntropy/issues

Encoding UTF-8

Depends R (>= 3.1.2)

Imports future, future.apply, Rcpp

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LinkingTo Rcpp

Suggests data.table, ggplot2, gridExtra, knitr, quantmod, rmarkdown, testthat, vars, xts, zoo

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**calc_ete**  
*Calculates the Effective Transfer Entropy for two time series*

**Description**

Calculates the Effective Transfer Entropy for two time series

**Usage**

```r
calc_ete(x, y, lx = 1, ly = 1, q = 0.1, entropy = "Shannon", shuffles = 100, type = "quantiles", quantiles = c(5, 95), bins = NULL, limits = NULL, burn = 50, seed = NULL, na.rm = TRUE)
```

**Arguments**

- **x**  
a vector of numeric values, ordered by time. Also allowed are `xts`, `zoo`, or `ts` objects.

- **y**  
a vector of numeric values, ordered by time. Also allowed are `xts`, `zoo`, or `ts` objects.

- **lx**  
Markov order of x, i.e. the number of lagged values affecting the current value of x. Default is `lx = 1`.

- **ly**  
Markov order of y, i.e. the number of lagged values affecting the current value of y. Default is `ly = 1`.

- **q**  
a weighting parameter used to estimate Renyi transfer entropy, parameter is between 0 and 1. For q = 1, Renyi transfer entropy converges to Shannon transfer entropy. Default is `q = 0.1`.

- **entropy**  
specifies the transfer entropy measure that is estimated, either 'Shannon' or 'Renyi'. The first character can be used to specify the type of transfer entropy as well. Default is `entropy = 'Shannon'`.

- **shuffles**  
the number of shuffles used to calculate the effective transfer entropy. Default is `shuffles = 100`.
calc_ete

- **type**: specifies the type of discretization applied to the observed time series: 'quantiles', 'bins' or 'limits'. Default is type = 'quantiles'.
- **quantiles**: specifies the quantiles of the empirical distribution of the respective time series used for discretization. Default is quantiles = c(5, 95).
- **bins**: specifies the number of bins with equal width used for discretization. Default is bins = NULL.
- **limits**: specifies the limits on values used for discretization. Default is limits = NULL.
- **burn**: the number of observations that are dropped from the beginning of the bootstrapped Markov chain. Default is burn = 50.
- **seed**: a seed that seeds the PRNG (will internally just call set.seed), default is seed = NULL.
- **na.rm**: if missing values should be removed (will remove the values at the same point in the other series as well). Default is TRUE.

**Value**

a single numerical value for the effective transfer entropy

**See Also**

calc_te and transfer_entropy

**Examples**

```r
# construct two time-series
set.seed(1234567890)
n <- 1000
x <- rep(0, n + 1)
y <- rep(0, n + 1)
for (i in seq(n)) {
  x[i + 1] <- 0.2 * x[i] + rnorm(1, 0, 2)
  y[i + 1] <- x[i] + rnorm(1, 0, 2)
}
x <- x[-1]
y <- y[-1]

# calculate the X->Y transfer entropy value
calc_ete(x, y)

# calculate the Y->X transfer entropy value
calc_ete(y, x)

# Compare the results
# even with the same seed, transfer_entropy might return slightly different
# results from calc_ete
calc_ete(x, y, seed = 123)
```
calc_ete(y, x, seed = 123)
transfer_entropy(x, y, nboot = 0, seed = 123)

calc_te | Calculates the Transfer Entropy for two time series

Description
Calculates the Transfer Entropy for two time series

Usage

\[
\text{calc_te}(x, y, \text{lx} = 1, \text{ly} = 1, q = 0.1, \text{entropy} = "\text{Shannon}"), \\
\text{shuffles} = 100, \text{type} = "\text{quantiles}"), \text{quantiles} = c(5, 95), \\
\text{bins} = \text{NULL}, \text{limits} = \text{NULL}, \text{burn} = 50, \text{seed} = \text{NULL,} \\
\text{na.rm} = \text{TRUE})
\]

Arguments

- **x**: a vector of numeric values, ordered by time. Also allowed are \texttt{xts}, \texttt{zoo}, or \texttt{ts} objects.
- **y**: a vector of numeric values, ordered by time. Also allowed are \texttt{xts}, \texttt{zoo}, or \texttt{ts} objects.
- **lx**: Markov order of \(x\), i.e. the number of lagged values affecting the current value of \(x\). Default is \(lx = 1\).
- **ly**: Markov order of \(y\), i.e. the number of lagged values affecting the current value of \(y\). Default is \(ly = 1\).
- **q**: a weighting parameter used to estimate Renyi transfer entropy, parameter is between 0 and 1. For \(q = 1\), Renyi transfer entropy converges to Shannon transfer entropy. Default is \(q = 0.1\).
- **entropy**: specifies the transfer entropy measure that is estimated, either 'Shannon' or 'Renyi'. The first character can be used to specify the type of transfer entropy as well. Default is \(\text{entropy} = \text{"Shannon"}\).
- **shuffles**: the number of shuffles used to calculate the effective transfer entropy. Default is \(\text{shuffles} = 100\).
- **type**: specifies the type of discretization applied to the observed time series: 'quantiles', 'bins' or 'limits'. Default is \(\text{type} = \text{"quantiles"}\).
- **quantiles**: specifies the quantiles of the empirical distribution of the respective time series used for discretization. Default is \(\text{quantiles} = c(5, 95)\).
- **bins**: specifies the number of bins with equal width used for discretization. Default is \(\text{bins} = \text{NULL}\).
- **limits**: specifies the limits on values used for discretization. Default is \(\text{limits} = \text{NULL}\).
**coef.transfer_entropy**

**burn**
the number of observations that are dropped from the beginning of the bootstrapped Markov chain. Default is burn = 50.

**seed**
a seed that seeds the PRNG (will internally just call set.seed), default is seed = NULL.

**na.rm**
if missing values should be removed (will remove the values at the same point in the other series as well). Default is TRUE.

**Value**
a single numerical value for the transfer entropy

**See Also**

calc_ete and transfer_entropy

**Examples**

```r
# construct two time-series
set.seed(1234567890)
n <- 1000
x <- rep(0, n + 1)
y <- rep(0, n + 1)
for (i in seq(n)) {
  x[i + 1] <- 0.2 * x[i] + rnorm(1, 0, 2)
y[i + 1] <- x[i] + rnorm(1, 0, 2)
}
x <- x[-1]
y <- y[-1]

# calculate the X->Y transfer entropy value
calc_te(x, y)

# calculate the Y->X transfer entropy value
calc_te(y, x)

# Compare the results
calc_te(x, y, seed = 123)
calc_te(y, x, seed = 123)
transfer_entropy(x, y, nboot = 0, seed = 123)
```

**Description**

Extract the Coefficient Matrix from a transfer_entropy
## S3 method for class 'transfer_entropy'

\texttt{coef(object, \ldots)}

### Arguments

- \texttt{object}: a \texttt{transfer_entropy}
- \ldots: additional arguments, currently not in use

### Value

a Matrix containing the coefficients

### Examples

```r
set.seed(1234567890)
n <- 500
x <- rep(0, n + 1)
y <- rep(0, n + 1)

for (i in seq(n)) {
  x[i + 1] <- 0.2 * x[i] + rnorm(1, 0, 2)
y[i + 1] <- x[i] + rnorm(1, 0, 2)
}
x <- x[-1]
y <- y[-1]
te_result <- transfer_entropy(x, y, nboot = 100)
coef(te_result)
```

\begin{itemize}
  \item \texttt{is.transfer_entropy}  \hspace{1cm} \textit{Checks if an object is a transfer_entropy}
\end{itemize}

### Description

Checks if an object is a \texttt{transfer_entropy}

\begin{itemize}
  \item \textbf{Usage}
    \begin{itemize}
      \item \texttt{is.transfer_entropy(x)}
    \end{itemize}
  \end{itemize}

\begin{itemize}
  \item \textbf{Arguments}
    \begin{itemize}
      \item \texttt{x}: an object
    \end{itemize}
  \end{itemize}

\begin{itemize}
  \item \textbf{Value}
    \begin{itemize}
      \item a boolean value if \texttt{x} is a \texttt{transfer_entropy}
    \end{itemize}
  \end{itemize}
print.transfer_entropy

Examples

# see ?transfer_entropy

print.transfer_entropy
Prints a transfer-entropy result

Description
Prints a transfer-entropy result

Usage

### S3 method for class 'transfer_entropy'
print(x, digits = 4, boot = TRUE,  
probs = c(0, 0.25, 0.5, 0.75, 1), tex = FALSE, ref = NA, 
file = NA, table = TRUE, ...)

Arguments

x a transfer_entropy
digits the number of digits to display, defaults to 4
boot if the bootstrapped results should be printed, defaults to TRUE
probs numeric vector of quantiles for the bootstraps
tex if the data should be outputted as a TeX-string
ref the reference string of the LaTeX table (label) applies only if table = TRUE and tex = TRUE, defaults to FALSE
file a file where the results are printed to
table if the table environment should be printed as well (only applies if tex = TRUE), defaults to TRUE
...
additional arguments, currently not in use

Value

invisible the text

Examples

# construct two time-series
set.seed(1234567890)
n <- 500
x <- rep(0, n + 1)
y <- rep(0, n + 1)
for (i in seq(n)) {

```r
set_quiet

# Set the quiet-parameter for all RTransferEntropy Calls

set_quiet(quiet)

## Not run:
# file output
print(te_result, file = "te_result_file.txt")
print(te_result, tex = TRUE, file = "te_result_file.tex")
## End(Not run)
```

---

**set_quiet**

Set the quiet-parameter for all RTransferEntropy Calls

### Description

Set the quiet-parameter for all RTransferEntropy Calls

### Usage

```r
set_quiet(quiet)
```

### Arguments

- **quiet**
  - if FALSE, the functions will give feedback on the progress
stocks

Value

nothing

Examples

# see ?transfer_entropy

stocks

Daily stock data for 10 stocks from 2000-2017

Description

A dataset containing the daily stock returns for 10 stocks and the S&P 500 market returns for the time-period 2000-01-04 until 2017-12-29

Usage

stocks

Format

A data frame (or data.table if loaded) with 46940 rows and 4 variables:

date  date of the observation
ticker ticker of the stock
ret    Return of the stock
sp500  Return of the S&P 500 stock market index

Source

yahoo finance using getSymbols

summary.transfer_entropy

Prints a summary of a transfer-entropy result

Description

Prints a summary of a transfer-entropy result

Usage

## S3 method for class 'transfer_entropy'
summary(object, digits = 4, probs = c(0, 0.25, 0.5, 0.75, 1), ...)

Arguments

- **object**: a transfer_entropy
- **digits**: the number of digits to display, defaults to 4
- **probs**: numeric vector of quantiles for the bootstraps
- **...**: additional arguments, passed to `printCoefmat`

Value

invisible the object

Examples

```r
# construct two time-series
set.seed(1234567890)
n <- 500
x <- rep(0, n + 1)
y <- rep(0, n + 1)

for (i in seq(n)) {
  x[i + 1] <- 0.2 * x[i] + rnorm(1, 0, 2)
  y[i + 1] <- x[i] + rnorm(1, 0, 2)
}
x <- x[-1]
y <- y[-1]

# Calculate Shannon's Transfer Entropy
te_result <- transfer_entropy(x, y, nboot = 100)
summary(te_result)
```

**transfer_entropy**  
*Function to estimate Shannon and Renyi transfer entropy between two time series x and y.*

Description

Function to estimate Shannon and Renyi transfer entropy between two time series x and y.

Usage

```r
transfer_entropy(x, y, lX = 1, lY = 1, q = 0.1,
  entropy = "Shannon", shuffles = 100, type = "quantiles",
  quantiles = c(5, 95), bins = NULL, limits = NULL, nboot = 300,
  burn = 50, quiet = NULL, seed = NULL, na.rm = TRUE)
```
Arguments

- **x**: a vector of numeric values, ordered by time. Also allowed are `xts`, `zoo`, or `ts` objects.
- **y**: a vector of numeric values, ordered by time. Also allowed are `xts`, `zoo`, or `ts` objects.
- **lx**: Markov order of x, i.e. the number of lagged values affecting the current value of x. Default is `lx = 1`.
- **ly**: Markov order of y, i.e. the number of lagged values affecting the current value of y. Default is `ly = 1`.
- **q**: a weighting parameter used to estimate Renyi transfer entropy, parameter is between 0 and 1. For `q = 1`, Renyi transfer entropy converges to Shannon transfer entropy. Default is `q = 0.1`.
- **entropy**: specifies the transfer entropy measure that is estimated, either 'Shannon' or 'Renyi'. The first character can be used to specify the type of transfer entropy as well. Default is `entropy = 'Shannon'`.
- **shuffles**: the number of shuffles used to calculate the effective transfer entropy. Default is `shuffles = 100`.
- **type**: specifies the type of discretization applied to the observed time series: 'quantiles', 'bins' or 'limits'. Default is `type = 'quantiles'`.
- **quantiles**: specifies the quantiles of the empirical distribution of the respective time series used for discretization. Default is `quantiles = c(5,95)`.
- **bins**: specifies the number of bins with equal width used for discretization. Default is `bins = NULL`.
- **limits**: specifies the limits on values used for discretization. Default is `limits = NULL`.
- **nboot**: the number of bootstrap replications for each direction of the estimated transfer entropy. Default is `nboot = 300`.
- **burn**: the number of observations that are dropped from the beginning of the bootstrapped Markov chain. Default is `burn = 50`.
- **quiet**: if FALSE (default), the function gives feedback.
- **seed**: a seed that seeds the PRNG (will internally just call set.seed), default is `seed = NULL`.
- **na.rm**: if missing values should be removed (will remove the values at the same point in the other series as well). Default is `TRUE`.

Value

An object of class `transfer_entropy`, containing the transfer entropy estimates in both directions, the effective transfer entropy estimates in both directions, standard errors and p-values based on bootstrap replications of the Markov chains under the null hypothesis of statistical independence, an indication of statistical significance, and quantiles of the bootstrap samples (if `nboot > 0`).

See Also

`coef, print.transfer_entropy`
Examples

# construct two time-series
set.seed(1234567890)
n <- 500
x <- rep(0, n + 1)
y <- rep(0, n + 1)

for (i in seq(n)) {
    x[i + 1] <- 0.2 * x[i] + rnorm(1, 0, 2)
y[i + 1] <- x[i] + rnorm(1, 0, 2)
}
x <- x[-1]
y <- y[-1]

# Calculate Shannon's Transfer Entropy
te_result <- transfer_entropy(x, y, nboot = 100)
te_result

summary(te_result)

# Parallel Processing using the future-package
library(future)
plan(multiprocess)

te_result2 <- transfer_entropy(x, y, nboot = 100)
te_result2

# revert back to sequential execution
plan(sequential)

te_result2 <- transfer_entropy(x, y, nboot = 100)
te_result2

# General set of quiet
set_quiet(TRUE)
a <- transfer_entropy(x, y, nboot = 0)

set_quiet(FALSE)
a <- transfer_entropy(x, y, nboot = 0)
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