Package ‘RTransferEntropy’

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Type Package

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

Version 0.2.13

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

LazyData true

RoxygenNote 7.1.1

LinkingTo Rcpp

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

VignetteBuilder knitr

NeedsCompilation yes

Author David Zimmermann [aut, cre], Simon Behrendt [aut], Thomas Dimpfl [aut], Franziska Peter [aut]

Maintainer David Zimmermann <david_j_zimmermann@hotmail.com>

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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

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.
calc_ete

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.
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

# 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**

```r
calc_te(
  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.
Markov order of \( x \), i.e. the number of lagged values affecting the current value of \( x \). Default is \( l_x = 1 \).

Markov order of \( y \), i.e. the number of lagged values affecting the current value of \( y \). Default is \( l_y = 1 \).

\( q \) is 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 \( q = 0.1 \).

\( \text{entropy} \) 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 \( \text{entropy} = \text{'Shannon'} \).

\( \text{shuffles} \) is the number of shuffles used to calculate the effective transfer entropy. Default is \( \text{shuffles} = 100 \).

\( \text{type} \) specifies the type of discretization applied to the observed time series: 'quantiles', 'bins' or 'limits'. Default is \( \text{type} = \text{'quantiles'} \).

\( \text{quantiles} \) specifies the quantiles of the empirical distribution of the respective time series used for discretization. Default is \( \text{quantiles} = c(5, 95) \).

\( \text{bins} \) specifies the number of bins with equal width used for discretization. Default is \( \text{bins} = \text{NULL} \).

\( \text{limits} \) specifies the limits on values used for discretization. Default is \( \text{limits} = \text{NULL} \).

\( \text{burn} \) is the number of observations that are dropped from the beginning of the bootstrapped Markov chain. Default is \( \text{burn} = 50 \).

\( \text{seed} \) is a seed that seeds the PRNG (will internally just call set.seed), default is \( \text{seed} = \text{NULL} \).

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

Value

a single numerical value for the transfer entropy

See Also

calc_ete and transfer_entropy

Examples

# 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)
}
```r
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)
```

---

**coef.transfer_entropy**  
*Extract the Coefficient Matrix from a transfer_entropy*

**Description**

Extract the Coefficient Matrix from a transfer_entropy

**Usage**

```r
## S3 method for class 'transfer_entropy'
coef(object, ...)
```

**Arguments**

- `object` a transfer_entropy
- `...` 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)
}
```
is.transfer_entropy

\begin{verbatim}
x <- x[-1]
y <- y[-1]

te_result <- transfer_entropy(x, y, nboot = 100)
coef(te_result)
\end{verbatim}

---

**is.transfer_entropy**  **Checks if an object is a transfer_entropy**

**Description**

Checks if an object is a transfer_entropy

**Usage**

\[ \text{is.transfer_entropy}(x) \]

**Arguments**

- `x`: an object

**Value**

a boolean value if `x` is a transfer_entropy

**Examples**

\# see \texttt{?transfer_entropy}

---

**print.transfer_entropy**  **Prints a transfer-entropy result**

**Description**

Prints a transfer-entropy result
print.transfer_entropy

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)) {
  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

```r
te_result <- transfer_entropy(x, y, nboot = 100)
```

```r
print(te_result)
```

# change the number of digits
```r
print(te_result, digits = 10)
```

# disable boot-print
```r
print(te_result, boot = FALSE)
```

# specify the quantiles of the bootstraps
```r
print(te_result, probs = c(0, 0.1, 0.4, 0.5, 0.6, 0.9, 1))
```

# get LaTeX output:
```r
print(te_result, tex = TRUE)
```

# set the reference label for LaTeX table
```r
print(te_result, tex = TRUE, ref = "tab:te_result")
```

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

```r
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

**Value**

nothing

**Examples**

```r
# see ?transfer_entropy
```
**Summary**

`summary.transfer_entropy`

*Prints a summary of a transfer-entropy result*

**Description**

Prints a summary of a transfer-entropy result.

**Usage**

```r
## 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`

---

**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`
transfer_entropy

Value

invisible the object

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)
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

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,
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).
transfer_entropy

See Also

cof, 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
result <- transfer_entropy(x, y, nboot = 100)
result

summary(result)

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

result2 <- transfer_entropy(x, y, nboot = 100)
result2

# revert back to sequential execution
plan(sequential)

result2 <- transfer_entropy(x, y, nboot = 100)
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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