

## Index

References followed by fig. refer to figures. References followed by n refer to notes. References followed by t refer to tables.

- additive separability, 11, 16fig., 17, 18, 102–104, 111, 118, 135, 164, 189–190
- Andrews, D., 159
- applications
  - electricity demand and weather, xvii, 11, 47, 81, 82t, 97, 195
  - electricity distribution, xvii, 7–8, 9fig., 11, 13, 76–81, 84, 85t, 97, 166, 168t, 171, 194
  - endogenous nonparametric variable, 88–89
  - Engel's method for estimation of equivalence scales, 69, 140–144, 141fig.
  - estimation of Engel curves, using kernel smoothers, 37, 38fig.
  - estimation of Engel curves, using local polynomial smoothers, 42fig., 42
  - estimation of Engel curves, using moving average smoothers, 30–32, 31fig.
  - gasoline demand, xvii, 11, 73–75, 88, 96, 98, 107, 109fig., 110, 194
  - housing prices, xviii, 11, 99, 107, 108fig., 110, 195
  - log-linearity of Engel curves, 65fig., 65–66, 171
  - of partial parametric model, 84–85, 85t
  - option pricing, xviii, 11, 53, 129–134, 131–133fig., 136, 137, 195
  - testing equality of Engel curves, 69–71, 70fig., 96, 142
- asymptotic pivots, 155n
- autocorrelation, heteroskedasticity and, 51–52, 97
- average derivative estimation, 53–54
- backfitting, 102–103, 103t
- base-independent equivalence scales, 140, 142, 148–149
  - testing of, 149–150, 164
- bias
  - in confidence intervals for nonparametric regression functions, 29, 34–35, 36t, 160
  - trade-off of variance and, 19–22, 21fig., 25–26, 28–29, 34–35, 100
- Bierens, H., 119
- Bierens specification test, 119–120, 120t
- bivariate uniform kernel estimator, 100
- bootstrap procedures, xviii, 26, 36, 154–172
  - benefits of, 157–159
  - confidence intervals for kernel smoothers, 160–163, 161t, 162fig.
  - Edgeworth expansions and, 157–159
  - goodness-of-fit tests, 163–164, 164t
  - Härdle and Mammen specification test, 121
  - in index models, 166–170, 169t
  - in partial linear models, 166, 167t
  - limitations of, 159
  - location scale models, 155–156
  - regression models, 156
  - residual regression tests, 164–65, 165t
  - validity of, 157
- box kernel, see uniform kernel

210 **Index**

- Cobb-Douglas model, xvii, 7–8, 10, 77fig., 97, 166, 171
- concavity, xviii, 4, 15, 22, 25, 26, 36, 115, 118, 125, 128, 135–136, 164
- confidence intervals  
 for kernel smoothers, 34–36, 36t, 37, 38fig., 41, 42, 55, 100, 160–163, 161t, 162fig.  
 for simple smoothers, 28–32
- constant elasticity of substitution (CES) cost function, 10, 84–85, 97
- convergence, rate of, 8, 19, 23, 25, 29, 30, 34, 55, 67, 93–94, 102, 103, 118, 125t, 128, 134, 135  
 effect of monotonicity on, 126–127
- convexity, 111, 125n, 128, 129, 134
- cross-validation, 26, 40n, 43–46, 56, 161t, 166  
 for Engel curve estimation, 46, 46fig.  
 for kernel estimators, 43, 45fig.  
 for nonparametric least-squares estimators, 44, 45fig.
- curse of dimensionality, xvii, 11, 17, 19, 105–107, 136, 138
- Deaton, A., 148
- derivative estimation, 52–54
- differencing, 1–14, 57–98, 104–106  
 alternative differencing coefficients, 89–90, 90t  
 combining smoothing with, 92–94  
 empirical applications of, 11–12, 73–83, 74fig., 75fig., 77fig., 79fig., 82fig., 82n, 84–85, 107, 109fig.
- endogenous nonparametric variable, 87–89
- endogenous parametric variables in partial linear model, 85–87
- higher order, 57–64
- higher dimensions, 105–107
- optimal coefficients, 60–61, 62, 63, 64, 67, 71, 84, 86, 90, 114, 163, 164, 183–186
- partial linear model, 2–4, 71–73
- partial parametric model, 83–85, 85t
- smoothing and, 90–91
- two dimensions, 104–105
- variance estimation, 2, 58–63
- differencing matrices, 57–58, 61
- dimensionality, 17–19  
 curse of, 17, 105–107
- double residual estimators, 10, 47–49, 73–75, 82, 91, 96, 97, 101, 107, 108fig., 110, 146, 166, 167t, 168n
- Edgeworth expansion, 157–159, 160
- Efron, B., 154
- electricity demand and weather, xvii, 11, 47, 81, 82t, 97, 195
- electricity distribution, xvii, 7–8, 9fig., 11, 13, 76–81, 84, 85t, 97, 166, 168t, 171, 194
- endogeneity  
 Hausman type test of, 86–87
- endogenous nonparametric variables, 87–89
- endogenous parametric variables, 85–87
- Engel curves  
 cross-validation and, 46, 46fig., 56  
 estimation of, 56  
 estimation of equivalence scales, 69, 140–144, 141fig.
- estimation of, using kernel smoothers, 37, 38fig.
- estimation of, using local polynomial smoothers, 42, 42fig.
- estimation of, using moving average smoothers, 30–32, 31fig.
- log-linearity of, 65fig., 65–66, 171
- testing equality of, 69–71, 70fig., 96, 142
- testing specification of, 95, 136, 171
- Engle, R.C., 47, 81
- Epanechnikov kernel, 33fig., 36n
- equality of regression functions, tests of, 4–7, 6fig., 10, 13, 63, 66–70, 70fig., 80, 92, 96, 115, 160, 164
- equivalence scales  
 base-independent, 148–150  
 Engel's method for estimation of, 69, 140–145  
 estimation of, 148–150, 151–153, 169–170, 171–172
- estimation  
 constrained and unconstrained, 111–113, 113fig., 129–134  
 derivatives, 52–54
- expected mean-squared error (EMSE), 135
- external (“wild”) bootstrap procedures, 121, 156, 157, 159, 161, 164, 165t, 166, 167t, 168t, 169t, 171
- Fan, Y., 115
- F-statistic, 113–114
- functions of several variables, kernel estimation of, 99–101

## Index

211

- Gasser, T., 89  
 goodness-of-fit tests, xviii, 4, 26, 91, 113–115, 149  
   bootstrap procedures for, 163–164, 164t  
   165, 171  
   residual regression and, 128–129
- Hall, P., 60, 61, 67, 89, 127, 139, 154n, 159, 160, 184–185
- Härdle, W., xviii, 36, 44, 53, 126, 136, 139, 159
- Härdle and Mammen specification test, 120–121, 122t
- Hausman, J., 73
- Hausman test of endogeneity, 86–87
- hedonic pricing, xviii, 107, 108fig., 110
- heteroskedasticity, xvii, xix, 10, 36, 50–51, 56, 95, 130, 160, 161fig., 163, 164, 165fig.  
   autocorrelation and, 51–52  
   in partial linear model, 72–73, 77fig., 97, 166, 167fig., 169fig.  
   in specification test, 64, 121, 124, 171  
   wild bootstrap procedures used for, 156, 164, 166
- housing prices, xviii, 11, 99, 107, 108fig., 110, 195
- Ho, M., 107
- Hoeffding, W., 117n
- Holly, A., 87
- Hong, Y., 121–122
- Hong and White specification test, 121–122, 123t
- hypotheses testing, 4–7, 49, 63, 64, 66, 68, 69, 71, 81, 87, 106, 111–137, 149, 151, 156, 163, 164, 164t, 165t, 171, see also equality of regression function tests, goodness-of-fit tests, Hausman test of endogeneity, residual regression tests, significance tests, specification tests
- Ichimura, H., 139
- index models, xvii, xviii, 15, 16fig., 17, 18, 25, 138–144, 144fig., 145t, 151–153  
   bootstrap procedures in, 157n, 166–170, 169t  
   partial linear index models, 144–150, 152, 172
- instrumental variables, 85–86
- isotonic regression, 125–126, 128
- Kay, J., 60, 89
- kernel estimation, 32–37, 55, 117–118  
   alternative kernel functions, 33fig.  
   bootstrap confidence intervals for, 160–163, 161t, 162fig.  
   confidence intervals for, 35–36, 36t  
   of Engel curves 37, 38fig., 42, 42fig.  
   of functions of several variables, 99–101  
   in partial linear model, 47  
   smoothing parameters for, 43–44, 45fig.  
   moving average smoothers compared with, 35  
   uniform confidence bands for, 36–37
- kernel regression, 41
- Kolmogorov-Smirnov statistic, 155n
- Li, Q., 115, 122–124, 165
- Li and Zheng specification test, 122–124, 123t
- Linton, O., 166
- local averaging, 19–23, 20fig.
- local linear regression, 40–41, 99
- local polynomial regression, 40–42, 99
- location scale models, 155–156
- loess, 42, 56, 74fig., 82fig., 97, 101, 103, 107, 108fig., 110, 151
- lowess, 42, 42fig., 55–56
- Mammen, E., 120–121, 127, 159
- monotonicity, xviii, 4, 15, 16fig., 22, 25, 36, 111, 115, 118, 125n, 134, 135, 164  
   isotonic regression and, 125–126  
   nonparametric least-squares and, 127–128  
   rate of convergence and, 126–127
- moving average differencing coefficients, 61–62
- moving average smoothers, 19, 27–32, 55, 56, 90, 99, 116–117  
   estimation of Engel curves using, 30–32, 31fig.  
   kernel smoothers compared with, 35
- Nadaraya-Watson kernel estimator, 32, 34, 36t
- nearest-neighbor, 22, 27n, 41, 99, 101, 106, 152
- Newey, W., 51, 52, 73
- No, A., 73

212 **Index**

- nonparametric least-squares, 24n, 25, 37–40, 53, 94, 99, 101–102, 125fig., 129–134, 135, 136, 137, 187–193
- additively separable nonparametric least-squares model, 103–104
  - monotonicity constraints and, 127–128
  - partial linear model, 48–49
  - smoothing parameters for, 44, 45fig.
- normal kernel, 33fig., 34, 36n, 121n
- optimal differencing coefficients, 60–61, 61t, 62, 63, 64, 67, 71, 84, 86, 90, 114, 163, 164t, 183–186
- partial linear index models, 144–150, 152, 169, 170, 172
- partial linear model, xvii, 1, 2–4, 8, 9fig., 10, 11, 13, 15, 16fig., 17, 18, 19, 25, 40, 47–52, 68, 71–73, 79fig., 81, 82fig., 83, 89, 91, 92, 94, 97, 99, 101, 106, 107, 108fig., 110, 146
- autocorrelation in, 51–52
  - bootstrap procedures in, 166, 167t, 168t, 171
  - differencing estimator of, 2–4, 71–73
  - double residual estimator of, 47–49
  - endogenous parametric variables in, 85–87
  - heteroskedasticity in, 50–51
  - modular approach to analysis of, 92
  - nonparametric least-squares estimator of, 48
- partial parametric model, 10, 15, 16fig., 83–85, 85t
- pivots, 155, 155n, 156, 158, 159, 160
- product kernel, 100, 117, 125t
- quartic kernel, 33fig., 36n
- rate of convergence, see convergence, rate of
- rectangular kernel, see uniform kernel
- representors, 39, 101, 102, 104, 127, 128, 134, 137, 188, 189, 190–193
- residual regression tests, xviii, 26, 113, 115–118 122, 123t, 124, 125t, 128–129, 136
- bootstrap procedures for, 163–165, 165t, 171
- Rice, J., 1n
- Rilstone, P., 52
- Robinson, P., 10, 47, 73, 75
- running mean (moving average) smoothers, 27, 89
- estimation of Engel curves using, 30–32
- sampling, in bootstrap procedures, 155–156
- Sargan, D., 87
- Schmalensee, R., 73
- Seifert, B., 89
- significance tests, 124, 125t
- smoothing
- asymptotic normality and confidence intervals for, 29–30
  - basic asymptotic approximation, 28–29
  - combining differencing with, 92–94
  - derivative estimation, 52–54
  - kernel smoothers, 32–37
  - local polynomial smoothers, 40–42
  - moving average smoothers, 27–28, 116–117
  - nonparametric least-squares and spline smoothers, 37–40
  - partial linear model, 47–52
  - relationship between differencing and, 90–91
  - simple smoothers, 27–32
  - spline smoothers, 40
- smoothing matrix, 30, 90–91
- smoothing parameters, see cross-validation
- Sobolev space estimation, 37, 39, 40, 44, 53, 101, 187–193
- specification tests, 4, 63–66, 119–124
- bootstrap procedures and, 163–165
- Speckman, P., 47
- spline estimators, 37–40, 41, 43n, 44n, 46, 49, 53n, 55–56, 92n, 94, 99, 103, 110, 136, 137, 187
- for Engel curve estimation, 42, 42fig.
- S-Plus (programming language), xviii, xviii, 14, 46, 53n, 55, 56, 74fig., 75, 77fig., 84, 85n, 101, 103, 108fig., 110, 128, 137, 143, 168
- Stoker, T., 53, 73
- Stone, C., 25, 29, 39
- super-smoother, 56
- symmetric nearest-neighbor smoother, 27n
- Titterton, D., 60, 89
- triangular array convergence, 157

## Index

213

- triangular kernel, 33fig., 36, 37, 45fig., 46, 46fig., 55, 56  
 triweight kernel, 33fig., 36n, 41
- Ullah, A., 52  
 uniform confidence bands, 36–37, 38fig., 55  
 uniform (box) kernel, 32–35, 33fig., 36n, 93, 100, 110, 121, 122t, 123t, 125t, 165t  
 U-statistic, 116–118, 128, 136
- Van de Geer, S., 128  
 variance
- estimating, 2, 58–63  
 trade-off of bias and, 19–22, 21fig., 25–26, 28–29, 34–35, 100
- Wang, S., 165  
 West, K., 51, 52  
 White, H., 50, 52, 121–122  
 “wild” (external) bootstrap procedures, 121, 156, 157, 159, 161, 164, 165t, 166, 167t, 168t, 169t, 171
- Wolf, A., 89
- Zheng, J., 115, 122–124