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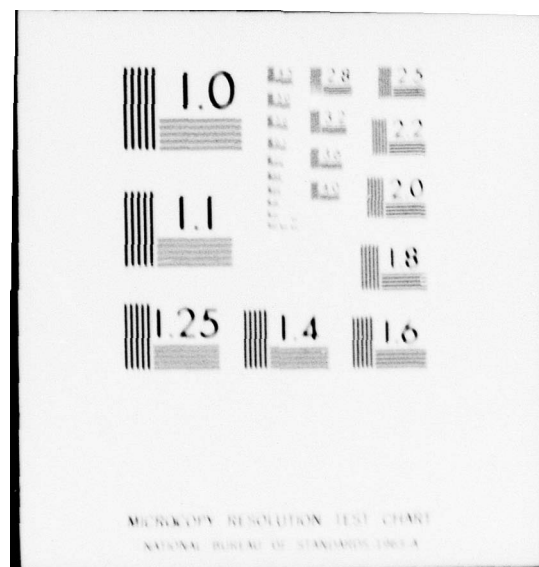
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TECHNIQUES OF QUANTILE REGRESSION*

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Statistical Science Division
State University of New York at Buffalo

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TECHNIQUES OF QUANTILE REGRESSION*

by

Jean-Pierre Carmichael

Introduction

Given observations $\{(X_i, Y_i), i = 1, \dots, n\}$ on random variables (X, Y) with joint distribution $F_{X, Y}(x, y)$, we want to estimate the regression function of Y on X , $E[Y|X = x]$, nonparametrically.

In order to find a natural estimator (simple computationally and intuitively appealing), Parzen (1977) developed the following theoretical approach.

1. Theoretical Approach:

Let $U_1 = F_X(X)$ and $U_2 = F_Y(Y)$, then the joint distribution of U_1 and U_2 is

$$D_{U_1, U_2}(u_1, u_2) = F_{X, Y}(Q_X(u_1), Q_Y(u_2))$$

and their joint density is

$$d_{U_1, U_2}(u_1, u_2) = \frac{f_{X, Y}(Q_X(u_1), Q_Y(u_2))}{f_X(Q_X(u_1)) f_Y(Q_Y(u_2))}$$

where F_Z is the distribution function of Z
 f_Z is its density function
 Q_Z is its quantile function

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Let $r(x)$ be the regression function of Y on $X = x$.

$$r(x) = E[Y | X = x] = \int_{-\infty}^{\infty} \frac{y f_{X,Y}(x, y) dy}{f_X(x)}$$

We now define the regression-quantile function $rQ(\cdot)$ by

$$rQ(u) = r(Q_X(u)) = E[Y | X = Q_X(u)]$$

How do we compute $rQ(\cdot)$?

By definition,

$$rQ(u) = \int_{-\infty}^{\infty} \frac{y f_{X,Y}(Q_X(u), y) dy}{f_X(Q_X(u))}$$

Let $y = Q_Y(u_2)$, then

$$rQ(u) = \int_0^1 Q_Y(u_2) d_{U_1, U_2}(u, u_2) du_2$$

If we introduce a Dirac delta function, we can express $rQ(\cdot)$ as a double integral

$$1.1 \quad rQ(u) = \int_0^1 \int_0^1 Q_Y(u_2) \delta(u_1 - u) d_{U_1, U_2}(u_1, u_2)$$

We estimate $rQ(\cdot)$ by

$$1.2 \quad \hat{rQ}(u) = \int_0^1 \int_0^1 \hat{Q}_Y(u_2) \frac{1}{h(n)} K\left(\frac{u_1 - u}{h(n)}\right) d \hat{D}_{U_1, U_2}(u_1, u_2) .$$

$\hat{D}_{U_1, U_2}(\cdot, \cdot)$ is an estimator of the joint distribution function of U_1 and U_2 . It could be the empirical joint distribution function.

$\hat{Q}_Y(\cdot)$ is an estimator of the quantile function of Y . It could be the empirical quantile function of the Y 's.

$K(\cdot)$ is an approximator to the Dirac delta function.

2. Different Estimators:

Let $Y_{[i:n]}$ be the observation associated with $X_{(i)}$, where $X_{(1)} < X_{(2)} < \dots < X_{(n)}$. $Y_{[i:n]}$ is called the concomitant of the i^{th} order statistic.

Let $\hat{D}_{U_1, U_2}(\cdot, \cdot)$ be the empirical joint distribution function of U_1 and U_2 . It has jumps of size $1/n$ at points of the form $(i/n, R_i/n)$ where R_i is the rank of $Y_{[i:n]}$ among the Y 's.

Let $K(\cdot)$ be a kernel function with bandwidth parameter $h(n)$.

A first estimator of $\hat{Q}_Y(\cdot)$ is given by

$$\hat{Q}_1(u_2) = Y_{[i:n]}, \quad \frac{i-1}{n} \leq u_2 < \frac{i}{n}$$

Then, equation 1.2 becomes

$$2.1 \quad \hat{rQ}_1(u) = \sum_{j=1}^n Y_{[j:n]} \int_{\frac{j-1}{n}}^{\frac{j}{n}} \frac{1}{h(n)} K\left(\frac{t-u}{h(n)}\right) dt$$

Usually, as in Yang (1977), this is approximated by

$$2.2 \quad \hat{rQ}_{(1)}(u) = \frac{1}{u} \sum_{j=1}^n Y_{[j:n]} K\left(\frac{j/n - u}{h(n)}\right) \cdot \frac{1}{h(n)}$$

Yang studied the statistical properties of that estimator.

Note that $\hat{rQ}_{(1)}(\cdot)$ can be viewed as the result of smoothing amplitudes $Y_{[j:n]}$ observed at equidistant points of the form j/n .

Clark (1977) recommends to interpolate linearly between the successive points $\{(j/n, Y_{[j:n]})\}$ to get an estimator with maybe more derivatives than the kernel.

Define

$$\hat{Q}_2(u_2) = \begin{cases} Y_{[1:n]} & , \quad 0 \leq u_2 \leq 1/n \\ Y_{[j:n]}(j+1 - nu_2) + Y_{[j+1:n]}(nu_2 - j) & , \\ & \frac{j}{n} \leq u_2 \leq \frac{j+1}{n} \quad , \quad j = 1, \dots, n-1 \end{cases}$$

Then

$$2.3 \quad \hat{rQ}_2(u) = \int_0^1 \hat{Q}_2(t) \frac{1}{h(n)} K\left(\frac{t-u}{h(n)}\right) dt .$$

It has been remarked before that it is difficult to smooth a curve unless it is relatively flat. People would then recommend to subtract a trend term from the data before smoothing.

We would like to propose instead to smooth the first differences

$$\hat{Q}'_2(\cdot) ,$$

$$\hat{Q}'_2(u_2) = \begin{cases} 0 & 0 \leq u_2 < 1/n \\ n \cdot (Y_{[j+1:n]} - Y_{[j:n]}) & \frac{j}{n} \leq u_2 < \frac{j+1}{n} \end{cases}$$

$$j = 1, \dots, n-1$$

We then form the estimator $\hat{rQ}'(\cdot)$

$$2.4 \quad \hat{rQ}'_1(u) = \int_0^1 \hat{Q}'_2(t) \frac{1}{h(n)} K\left(\frac{t-u}{h(n)}\right) dt$$

$$\hat{rQ}'_1(u) = \sum_{j=1}^{n-1} n(Y_{[j+1:n]} - Y_{[j:n]}) \frac{1}{h(n)} \int_{j/n}^{j+1/n} K\left(\frac{t-u}{h(n)}\right) dt$$

and

$$2.5 \quad \hat{rQ}_3(u) = \int_{1/2}^u \hat{rQ}'(s) ds + \hat{rQ}_1(1/2)$$

Because an estimator of $\hat{rQ}(\cdot)$ would be the indefinite integral of $\hat{rQ}'(\cdot)$, we fix the value of $\hat{rQ}_3(1/2)$ to be $\hat{rQ}_1(1/2)$ as we feel that all estimators are usually good for the middle values. The problems and the differences between estimators usually appear near the endpoints.

Finally, we can smooth $\hat{Q}'_2(\cdot)$ using the autoregressive method by computing its Fourier coefficients

$$\hat{\Phi}(v) = \int_0^1 e^{2\pi i t v} \hat{Q}'_2(t) dt$$

$$2.6 \quad \hat{\Phi}(v) = \sum_{j=1}^{n-1} n(Y_{[j+1:n]} - Y_{[j:n]}) \int_{j/n}^{j+1/n} e^{2\pi i t v} dt$$

$$|v| = 0, 1, 2, \dots, m$$

From the $\hat{\varphi}(\cdot)$'s, we compute the autoregressive coefficients by solving the Yule-Walker equations

$$2.7 \quad \hat{rQ}'_2(u) = \frac{\hat{\sigma}_k^2}{\left| 1 + \sum_{j=1}^k \hat{\alpha}_{j,k} e^{2\pi i j u} \right|^2}$$

and

$$2.8 \quad \hat{rQ}_4 = \int_{1/2}^u \hat{rQ}'_2(s) ds + \hat{rQ}_1(1/2) .$$

Note the relation between the linearized version of the data and first differences. Taking k^{th} order differences would be like interpolating between data points with a k^{th} degree polynomial.

3. Statistical Properties:

3.1 General Results

Yang (1977) studied statistical properties of linear functions of concomitant of order statistics.

Among the different estimators proposed in the previous section, only $\hat{rQ}'_2(\cdot)$ and $\hat{rQ}_4(\cdot)$ are not of that form.

For convenience, we reexpress the three major results of Yang in a form more related to our purpose.

We need the following:

Let
$$M_n = \int_0^1 \int_0^1 \hat{g}(u_2) \frac{1}{h(n)} K\left(\frac{u_1 - u}{h(n)}\right) d\hat{D}_{U_1, U_2}(u_1, u_2)$$

where
$$\hat{g}(u_2) = H(X_{(i)}, Y_{[i:n]}) , \quad \frac{i-1}{n} \leq u_2 < \frac{i}{n} .$$

$$\alpha(x) = E[H(X, Y) \mid X = x]$$

$$\sigma^2(x) = \text{Var} (H(X, Y) \mid X = x)$$

Assumptions

A1 - $E[|H(X, Y)|^2] < \infty$

A2 - $\alpha(x)$ can be expressed as a difference of two increasing right-continuous functions

A3 - $\sigma^2(x)$ has the same property as $\alpha(x)$ or $F_X(x)$ is absolutely continuous

A4 - $\alpha(Q(t))$ is continuous at $t = u$

A5 - $E[H(X, Y)^3] < \infty$

A6 - $\alpha'(x) = \frac{d}{dx} \alpha(x)$ exists and $\alpha'(Q(t))$ is continuous at $t = u$, $0 < u < 1$

A7 - $\frac{d^2}{dt^2} \alpha(Q(t))$ exists and is continuous at $t = u$

B1 - There exists $M > 0$ such that

$$|K(t_1) - K(t_2)| < M \cdot |t_1 - t_2| \quad \text{for all } t_1, t_2$$

B2 - $|tK(t)| \rightarrow 0$ as $|t| \rightarrow 1$

$$B3 - \int_{-1}^1 K(t) dt = 1$$

$$B4 - \lim_{n \rightarrow \infty} h(n) = 0$$

$$B5 - \lim_{n \rightarrow \infty} h^{-1}(n) \left(\frac{\log \log n}{n} \right)^{1/4} = 0$$

$$B6 - \int_{-1}^1 t K(t) dt = 0$$

$$B7 - \int_{-1}^1 t^2 |K(t)| dt < \infty$$

$$B8 - K''(t) \text{ exists and satisfies } B1 \text{ and } B2$$

Th^m₁ - Consistency (Yang's Theorem 5)

Under assumptions A1 - A4 and B1 - B5,

$$\lim_{n \rightarrow \infty} E[M_n] = \alpha(Q(u))$$

$$\begin{aligned} \lim_{n \rightarrow \infty} E[M_n] &= \lim_{n \rightarrow \infty} \int_0^1 \alpha(Q(u_1)) \cdot \frac{1}{h(n)} K\left(\frac{u_1 - u}{h(n)}\right) du_1 \\ &= \alpha(Q(u)) \cdot \int_{-1}^1 K(t) dt = \alpha(Q(u)) \end{aligned}$$

and

$$\lim_{n \rightarrow \infty} E[|M_n - \alpha(Q(u))|^2] = 0$$

Th^m₂ - Asymptotic normality (Yang's Theorem 6)

Under assumptions A1 - A6 and B1 - B5 ,

$$\sqrt{nh(n)} (M_n - E[M_n]) \xrightarrow{D} N\left(0, \sigma^2(Q(u)) \int_{-1}^1 K^2(t) dt\right)$$

Th^m₃ - Asymptotic bias (Yang's Corollary 1 to Theorem 6)

Under assumptions A1 - A7 and B1 - B8 ,

$$\lim_{n \rightarrow \infty} \frac{E[M_n] - \alpha(Q(u))}{h^2(n)} = \frac{d^2}{du^2} \alpha(Q(u)) \cdot \int_{-1}^1 t^2 K(t) dt$$

and

$$\sqrt{nh(n)} (M_n - \alpha(Q(u))) \xrightarrow{D} N\left(0, \sigma^2(Q(u)) \cdot \int_{-1}^1 K^2(t) dt\right)$$

Let us apply these general results to the different estimators we presented in the previous section.

3.2 Statistical Properties of $\hat{r}_{Q_1}(\cdot)$ and $\hat{r}_{Q_{(1)}}(\cdot)$

$\hat{r}_{Q_{(1)}}(\cdot)$ is the estimator proposed and studied explicitly by Yang as an estimator of $E[Y|X = Q(\cdot)]$. Our $\hat{r}_{Q_1}(\cdot)$ has exactly the same properties as can be seen from the fact that

$$\int_{\frac{j-1}{n}}^{j/n} \frac{1}{h(n)} K\left(\frac{t-u}{h(n)}\right) dt = \frac{1}{nh(n)} K\left(\frac{t_j^* - u}{h(n)}\right)$$

for $\frac{j-1}{n} \leq t_j^* \leq j/n$

Thus, $\hat{rQ}_1(u)$ is a consistent estimator of $rQ(u) = E[Y|X = Q(u)]$, under the conditions of Theorem 1, at the points of continuity of $rQ(\cdot)$.

Under the conditions of Theorem 3, the asymptotic bias is proportional to the second derivative of $rQ(\cdot)$

For the kernel we have been using

$$K(z) = \begin{cases} \frac{15}{16} (1 - z^2)^2 & |z| \leq 1 \\ 0 & |z| > 1 \end{cases}$$

the asymptotic bias is $1/7 \cdot rQ''(u)$ and the variance of the asymptotic distribution is $5/7 \cdot \text{Var}(Y|X = Q(u))$.

It is possible to estimate $\text{Var}(Y|X = Q(u))$ by the same method, e.g.

$$\hat{\sigma}^2(Y|X = Q(u)) = \frac{1}{n} \sum_{j=1}^n (Y_{[j:n]} - \hat{rQ}_1(u))^2 \frac{1}{h(n)} K\left(\frac{j/n - u}{h(n)}\right).$$

3.3 Statistical Properties of $\hat{rQ}_2(u)$

We rewrite $\hat{rQ}_2(\cdot)$ as follows:

$$\hat{rQ}_2(u) = I_1(u) + I_2(u), \quad \text{where}$$

$$I_1(u) = \sum_{j=1}^n \int_{\frac{j-1}{n}}^{\frac{j}{n}} Y_{[j:n]} \cdot \frac{1}{h(n)} K\left(\frac{t-u}{h(n)}\right) dt$$

$$I_2(u) = \sum_{j=2}^n \int_{\frac{j-1}{n}}^{\frac{j}{n}} n \cdot (Y_{[j-1:n]} - Y_{[j:n]}) \left(\frac{j}{n} - t\right) \cdot \frac{1}{h(n)} K\left(\frac{t-u}{h(n)}\right) dt$$

Note that $I_1(u)$ is just $\hat{rQ}_1(u)$. On the other hand,

$$E[(Y_{[j-1:n]} - Y_{[j:n]})] = \int_0^1 rQ(s) d\left[\left(\frac{n}{j-1}\right) s^{j-1} (1-s)^{n-j+1}\right]$$

and by expanding in Taylor series

$$\begin{aligned} n \int_{\frac{j-1}{n}}^{j/n} \left(\frac{j}{n} - t\right) \frac{1}{h(n)} K\left(\frac{t-u}{h(n)}\right) dt = \\ \frac{1}{2nh(n)} K\left(\frac{\frac{j-1}{n} - u}{h(n)}\right) + \frac{1}{n^2 h^2(n)} \left[\frac{1}{2} K'\left(\frac{\frac{j-1}{n} - u}{h(n)}\right) - \frac{1}{3} K'\left(\frac{t_j - u}{h(n)}\right) \right] + R_{jn} \end{aligned}$$

where

$$|R_{jn}| \leq \frac{1}{6n^3 h^3(n)} \left| K''\left(\frac{t_j - u}{h(n)}\right) \right|$$

$$\frac{j-1}{n} < t_j < \frac{j}{n}, \quad j = 2, \dots, n$$

The bias properties of $\hat{rQ}_2(\cdot)$ are the same as those of $\hat{rQ}_1(\cdot)$ provided $I_2(\cdot)$ contributes only to high order terms.

$$E[I_2(u)] = J_1(u) + J_2(u) + R$$

We look only at $J_1(\cdot)$.

$$J_1(u) = \int_0^1 rQ(s) \sum_{j=2}^n \left(2nh(n)\right)^{-1} K\left(\frac{\frac{j-1}{n} - u}{h(n)}\right) d\left[\left(\frac{n}{j-1}\right) s^{j-1} (1-s)^{n-j+1}\right]$$

By Bernstein approximation,

$$J_1(u) = (2nh(n))^{-1} \left[\int_0^1 rQ(s)h^{-1}(n) K'\left(\frac{s-u}{h(n)}\right) ds - \int_0^1 rQ(s)K\left(\frac{-u}{h(n)}\right) d(1-s)^n - \int_0^1 rQ(s) K\left(\frac{1-u}{h(n)}\right) ds^n \right].$$

For $0 < u < 1$,

$$\int_0^1 rQ(s) h^{-1}(n) K'\left(\frac{s-u}{h(n)}\right) ds = \int_{u-h(n)}^{u+h(n)} rQ(s)h^{-1}(n) K'\left(\frac{s-u}{h(n)}\right) ds$$

because $K(\cdot)$ is defined only on $(-1, 1)$ and upon integrating by parts, this is

$$h(n) \cdot \int_{-1}^1 rQ'(u + th(n)) K(t) dt \doteq h(n) rQ'(u)$$

On the other hand,

$$\frac{1}{n} \left| \int_0^1 rQ(s) d(1-s)^n \right| < \left| \int_0^1 rQ(s) d(1-s) \right| = A$$

$$\frac{1}{n} \left| \int_0^1 rQ(s) d s^n \right| < \left| \int_0^1 rQ(s) ds \right| = B$$

and for $h(n) < \min(u, 1-u)$

$$\frac{A}{h(n)} \cdot K\left(\frac{-u}{h(n)}\right) = \frac{B}{h(n)} \cdot K\left(\frac{1-u}{h(n)}\right) = 0.$$

So,

$$J_1(u) = \left(2nh(n)\right)^{-1} \left(h(n) rQ'(u)\right)$$

goes to zero as n^{-1} . $J_2(\cdot)$ goes to zero faster.

Thus, for $0 < u < 1$,

$$\lim_{n \rightarrow \infty} \frac{E[\hat{rQ}_2(u) - rQ(u)]}{h^2(n)} = \lim_{n \rightarrow \infty} \frac{E[\hat{rQ}_1(u) - rQ(u)]}{h^2(n)}.$$

At the endpoints, the limit does not exist.

3.4 Statistical Properties of $\hat{rQ}_3(\cdot)$

We start by studying $\hat{rQ}_1'(\cdot)$.

$$\hat{rQ}_1'(u) = \sum_{j=2}^n n \left(Y_{[j:n]} - Y_{[j-1:n]} \right) \cdot h(n)^{-1} \int_{j-1/n}^{j/n} K\left(\frac{t-u}{h(n)}\right) dt.$$

By Taylor series expansion,

$$\begin{aligned} nh^{-1}(n) \int_{j-1/n}^{j/n} K\left(\frac{t-u}{h(n)}\right) dt &= \frac{1}{h(n)} K\left(\frac{\frac{j-1}{n} - u}{h(n)}\right) + \\ &\quad \frac{1}{2nh^2(n)} K'\left(\frac{\frac{j-1}{n} - u}{h(n)}\right) + R \end{aligned}$$

and

$$E \left[Y_{[j:n]} - Y_{[j-1:n]} \right] = - \int_0^1 rQ(s) d \left[\binom{n}{j-1} s^{j-1} (1-s)^{n-j+1} \right].$$

So,

$$E \left[\hat{rQ}_1'(u) \right] = - \int_0^1 rQ(s) \sum_{j=2}^n \left\{ h(n)^{-1} K \left(\frac{\frac{j-1}{n} - u}{h(n)} \right) + \frac{1}{2nh^2(n)} K' \left(\frac{\frac{j-1}{n} - u}{h(n)} \right) \right\} d \left[\binom{n}{j-1} s^{j-1} (1-s)^{n-j+1} \right]$$

By Bernstein approximation,

$$E \left[\hat{rQ}_1'(u) \right] = - \int_0^1 rQ(s) h^{-2}(n) K' \left(\frac{s-u}{h(n)} \right) ds - \int_0^1 rQ(s) \frac{1}{2nh^3(n)} K'' \left(\frac{s-u}{h(n)} \right) ds + R$$

For $0 < u < 1$,

$$E \left[\hat{rQ}_1'(u) \right] = -h^{-1}(n) rQ(u + th(n)) K(t) \Big|_{-1}^1 + \int_{-1}^1 rQ'(u + th(n)) K(t) dt + O(n^{-1})$$

Thus

$$E \left[\hat{rQ}_1'(u) \right] = rQ'(u)$$

and

$$\frac{E \left[\hat{rQ}_1'(u) - rQ'(u) \right]}{h^2(n)} = \frac{rQ'''(u)}{2} \int t^2 \cdot K(t) dt.$$

From these formulas, one can evaluate $E[\hat{rQ}_3(u)]$. The terms missing in the Bernstein approximation formula are zero if $h(n)$ is less than $\min(u, 1-u)$ as in the previous section. The integral involving $K''(\cdot)$ contributes a term of order $(nh^2(n))^{-1}$ to the expected value. Its influence is not felt either in the bias $\left(\lim_{n \rightarrow \infty} nh^4(n) = \infty\right)$.

$$E[\hat{rQ}_3(u)] = \int_{1/2}^u E[\hat{rQ}_1'(s)] ds + E[\hat{rQ}_1(1/2)] = rQ(u)$$

and

$$\frac{E[\hat{rQ}_3(u)] - rQ(u)}{h^2(n)} = \int_{-1}^1 t^2 K(t) dt \left[\frac{rQ''(u)}{2} + rQ''\left(\frac{1}{2}\right) \right]$$

4. Case of X fixed

We study only the case where the x 's are fixed and equidistant on the unit interval, of the form $\{j/n\}_{j=0}^n$. The model is of the form $Y = f(x) + \epsilon$, where the ϵ 's are uncorrelated errors with mean zero and constant variance.

We limit ourselves to only two estimators:

$$\hat{f}_1(u) = \frac{1}{nh(n)} \left[\frac{1}{2} Y(0) \cdot K\left(\frac{-u}{h(n)}\right) + \sum_{j=1}^{n-1} Y(j/n) \cdot K\left(\frac{j/n - u}{h(n)}\right) + \frac{1}{2} \cdot Y(1) \cdot K\left(\frac{1 - u}{h(n)}\right) \right]$$

and the estimator based on first differences

$$\hat{f}_2(u) = \int_{1/2}^u \hat{f}_1'(s) ds + \hat{f}_1(1/2)$$

where $\hat{f}_1'(s) = \sum \left[Y\left(\frac{j+1}{n}\right) - Y\left(\frac{j}{n}\right) \right] \cdot \frac{1}{h(n)} K\left(\frac{j/n - s}{h(n)}\right)$

and $Y(j/n)$ is observed at $x = j/n$.

4.1 Statistical Properties of $\hat{f}_1(\cdot)$

$$E\left[\hat{f}_1(u)\right] = \frac{1}{nh(n)} \left[\frac{1}{2} f(0) K\left(\frac{-u}{h(n)}\right) + \sum_{j=1}^{n-1} f(j/n) K\left(\frac{j/n - u}{h(n)}\right) + \frac{1}{2} f(1) \cdot K\left(\frac{1 - u}{h(n)}\right) \right].$$

This formula is recognized as the trapezoidal rule for $\int_0^1 f(t) \frac{1}{h(n)} K\left(\frac{t-u}{h(n)}\right) dt$ based on the given design, so

$$E\left[\hat{f}_1(u)\right] \xrightarrow{n \rightarrow \infty} f(u)$$

As an approximation to the integral, the error is at most $\frac{1}{12n^2} \sup_{0 \leq u \leq 1} f''(u)$, which is much less important than the error of approximation of the integral to $f(u)$ that was found before to be

$$h^2(n) f''(u) \int_{-1}^1 t^2 K(t) dt .$$

Thus,
$$\frac{E\left[\hat{f}_1(u) - f(u)\right]}{h^2(n)} \rightarrow f''(u) \int_{-1}^1 t^2 K(t) dt .$$

Because the ϵ 's are uncorrelated,

$$\text{Var}\left(\hat{f}_1(u)\right) = \frac{\sigma^2}{n^2 h^2(n)} \left[\frac{1}{4} K^2\left(\frac{-u}{h(n)}\right) + \sum_{j=1}^{n-1} K^2\left(\frac{j/n - u}{h(n)}\right) + \frac{1}{4} K^2\left(\frac{1-u}{h(n)}\right) \right] .$$

Thus,

$$nh(n) \text{Var}\left(\hat{f}_1(u)\right) \xrightarrow{n \rightarrow \infty} \sigma^2 \int_{-1}^1 K^2(t) dt .$$

4.2 Statistical Properties of $\hat{f}_2(\cdot)$

$$E\left[\hat{f}_1'(s)\right] = \frac{1}{n} \sum_{j=0}^{n-1} \frac{f\left(\frac{j+1}{n}\right) - f\left(\frac{j}{n}\right)}{1/n} \cdot \frac{1}{h(n)} K\left(\frac{\frac{j}{n} - s}{h(n)}\right) \xrightarrow{n \rightarrow \infty} f'(s) .$$

The asymptotic bias is computed as in section 3

$$\frac{E\left[\hat{f}_1'(s) - f'(s)\right]}{h^2(n)} \xrightarrow{n \rightarrow \infty} \frac{f'''(s)}{2} \cdot \int_{-1}^1 t^2 K(t) dt$$

Thus,

$$E\left[\hat{f}_2(u)\right] \rightarrow \int_{1/2}^u f'(s) ds + f(1/2) = f(u)$$

and

$$\frac{E\left[\hat{f}_2(u) - f(u)\right]}{h^2(n)} = \left(\frac{f''(u)}{2} + f''(1/2)\right) \cdot \int_{-1}^1 t^2 K(t) dt$$

One can write an exact expression for the variance of $\hat{f}_2(\cdot)$:

$$\begin{aligned} \text{Var}\left(\int_{1/2}^u \hat{f}_1'(s) ds + \hat{f}_1(1/2)\right) &= \text{Var}\left(\int_{1/2}^u \hat{f}_1'(s) ds\right) + \text{Var}\left(\hat{f}_1(1/2)\right) \\ &\quad + 2 \text{Cov}\left(\int_{1/2}^u \hat{f}_1'(s) ds, \hat{f}_1(1/2)\right) . \end{aligned}$$

Now, $\text{Var}(\hat{f}_1(1/2))$ was computed previously and

$$\text{Var}\left(\int_{1/2}^u \hat{f}_1'(s) ds\right) = \frac{\sigma^2}{h^2(n)} \int_{1/2}^u \int_{1/2}^u \sum_{j=0}^{n-1} K\left(\frac{j/n - s}{h(n)}\right) \left\{ 2K\left(\frac{j/n - t}{h(n)}\right) - K\left(\frac{j-1}{n} - \frac{t}{h(n)}\right) - K\left(\frac{j+1}{n} - \frac{t}{h(n)}\right) \right\} ds dt$$

where we restrict $\frac{j-1}{n} \geq 0$ and $\frac{j+1}{n} \leq 1$.

Finally,

$$2 \text{Cov}\left(\int_{1/2}^u \hat{f}_1'(s) ds, \hat{f}_1(1/2)\right) = \frac{2\sigma^2}{nh^2(n)} \sum_{j=0}^n a_j K\left(\frac{j - \frac{1}{2}}{h(n)}\right) \cdot \left[\int_{1/2}^u \left\{ K\left(\frac{j-1}{n} - \frac{s}{h(n)}\right) - K\left(\frac{j}{n} - \frac{s}{h(n)}\right) \right\} ds \right]$$

where $a_j = \begin{cases} 1/2, & j = 0 \text{ or } n \\ 1, & \text{otherwise} \end{cases}$

What does this converge to?

$$nh(n) \cdot \text{Var}(\hat{f}_1(1/2)) \rightarrow \sigma^2 \int_{-1}^1 K^2(t) dt$$

$$2K\left(\frac{j/n - t}{h(n)}\right) - K\left(\frac{j-1}{n} - \frac{t}{h(n)}\right) - K\left(\frac{j+1}{n} - \frac{t}{h(n)}\right) = \frac{-1}{n^2 h^2(n)} K''\left(\frac{j-1}{n} - \frac{t}{h(n)}\right)$$

We then look at

$$\frac{-\sigma^2}{nh(n)} \sum \int_{1/2}^u \frac{1}{h(n)} K\left(\frac{j/n - s}{h(n)}\right) ds \cdot \int_{1/2}^u \frac{1}{h(n)} K''\left(\frac{j/n - t}{h(n)}\right) dt$$

which converges to $2\sigma^2 \int_{-1}^1 K^2(v) dv$

and

$$2 nh(n) \text{Cov}\left(\int_{1/2}^u \hat{f}_1(s) ds, \hat{f}_1(1/2)\right) \rightarrow -2\sigma^2 \int_{-1}^1 K^2(v) dv$$

Thus

$$nh(n) \text{Var}\left(\hat{f}_2(u)\right) \rightarrow \sigma^2 \int_{-1}^1 K^2(v) dv.$$

5. Asymptotic variance when X is random.

From section 3.3 ,

$$\hat{rQ}_2(u) \doteq \hat{rQ}_1(u) + \frac{1}{n} \sum_{j=2}^n \left(2nh(n) \right)^{-1} \left(\frac{Y_{[j-1:n]} - Y_{[j:n]}}{1/n} \right) \cdot K\left(\frac{\frac{j-1}{n} - u}{h(n)} \right)$$

Thus $\hat{rQ}_2(u) = \hat{rQ}_1(u) + I(u)$

$$\text{Var}(\hat{rQ}_2(u)) = \text{Var}(\hat{rQ}_1(u)) + \text{Var}(I(u)) + 2 \text{Cov}(\hat{rQ}_1(u), I(u)) .$$

From section 3.1 ,

$$\text{Var}(\hat{rQ}_1(u)) \doteq \frac{1}{nh(n)} \sigma^2(Q(u)) \cdot \int_{-1}^1 K^2(t) dt$$

$$\text{Var}(I(u)) = \frac{1}{4n^2} \cdot \frac{1}{nh(n)} \text{Var}(m'(X) | X = Q(u)) \cdot \int_{-1}^1 K^2(t) dt$$

where $m'(x) = \frac{\partial}{\partial x} E[Y | X = x]$

and $2 \text{Cov}(\hat{rQ}_1(u), I(u)) = \frac{1}{n} \cdot \frac{1}{nh(n)} \cdot C(u)$

It then follows that

$$nh(n) \text{Var}(\hat{rQ}_2(u)) \rightarrow \sigma^2(Q(u)) \cdot \int_{-1}^1 K^2(t) dt .$$

To compute the asymptotic variance of $\hat{rQ}_3(\cdot)$, we proceed again by steps as in section 4.2 :

$$\text{Var}(\hat{rQ}_3(u)) = \text{Var}\left(\int_{1/2}^u \hat{rQ}_1'(s) ds + \hat{rQ}_1\left(\frac{1}{2}\right)\right)$$

$$\text{Var}\left(\hat{rQ}_1\left(\frac{1}{2}\right)\right) \doteq \frac{1}{nh(n)} \sigma^2\left(Q\left(\frac{1}{2}\right)\right) \int_{-1}^1 K^2(t) dt$$

$$\text{Var}\left(\int_{1/2}^u \hat{rQ}_1'(s) ds\right) = \int_{1/2}^u \int_{1/2}^u \text{Cov}\left(\hat{rQ}_1'(s), \hat{rQ}_1'(t)\right) ds dt$$

$$\text{Cov}\left(\hat{rQ}_1'(s), \hat{rQ}_1'(t)\right) \doteq$$

$$\frac{1}{nh^4(n)} \left\{ \int_0^1 \int_0^1 (u \wedge v - uv) K'\left(\frac{u-s}{h(n)}\right) K'\left(\frac{v-t}{h(n)}\right) du Q(u) dv Q(v) \right.$$

$$\left. + \int_0^1 \sigma^2(Q(u)) K'\left(\frac{u-s}{h(n)}\right) K'\left(\frac{u-t}{h(n)}\right) du \right\} =$$

$$\int_{1/2}^u \int_{1/2}^u \text{Cov}\left(\hat{rQ}_1'(s), \hat{rQ}_1'(t)\right) ds dt = \frac{1}{n} \int_{1/2}^u \int_{1/2}^u C(s, t) ds dt$$

$$+ \frac{1}{nh} \int_0^1 \sigma^2(Q(x)) \frac{1}{h(n)} \left\{ K\left(\frac{x-u}{h(n)}\right) - K\left(\frac{x-\frac{1}{2}}{h(n)}\right) \right\}^2 dx.$$

Finally,

$$2 \text{Cov}\left(\int_{1/2}^u \hat{rQ}_1'(s) ds, \hat{rQ}_1\left(\frac{1}{2}\right)\right) \doteq -\frac{2}{nh(n)} \sigma^2\left(Q\left(\frac{1}{2}\right)\right) \int_{-1}^1 K^2(t) dt + \frac{\text{constant}}{n}$$

Thus,

$$nh(n) \operatorname{Var}(\hat{r}Q_3(u)) \rightarrow \sigma^2(Q(u)) \cdot \int_{-1}^1 K^2(t) dt \quad .$$

6. Preliminary Conclusions

A study of mean integrated squared error done by Melzer (1978) for sample sizes $n = 20, 50, 100$ allows us to conclude that $\hat{rQ}_2(\cdot)$ does not improve on $\hat{rQ}_1(\cdot)$. Also, there is much to be gained by normalizing the estimators so that the weights add up to 1 exactly. This has no effect on our asymptotic results.

The proposed estimator $\hat{rQ}_4(\cdot)$ was abandoned after a few tries on simulated data because of its oscillating behavior.

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