Distributional Time Series

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Main Contents: Theory

- **Park and Qian (2012)**, Functional Regression of Continuous State Distributions, *Journal of Econometrics*.
- **Chang, Kim and Park (2015)**, Functional Autoregressions with Unit Roots.
Main Contents: Applications


Background Material

► Bosq (2000), Linear Processes in Function Spaces.
Outline

I. Basic Framework

II. Distributional Unit Roots

III. Distributional Cointegration

IV. Future Work
I. Basic Framework
Objective

Develop a new framework and methodology to analyze the time series of **cross-sectional distributions** such as

- individual earnings
- global temperatures
- household income
- household expenditures

or the time series of **intra-period distributions** such as

- stock returns
Distributions of Individual Earnings
Global Temperature Distributions
Distributions of Household Income
Distributions of Household Expenditures
Intra-month Distributions of S&P 500 Returns
Technical Background
Hilbert-Valued Random Variables

Let

$$w : \Omega \rightarrow H$$

where $H$ is a Hilbert space.

Hilbert-valued random variables include

- Real random variables: $H = \mathbb{R}$
- Vector-valued random variables: $H = \mathbb{R}^N$
- Function-valued random variables: $H = L^2(\mathbb{R})$
Expectation $\mathbb{E}w$ of $w \in H$ is defined as a vector in $H$ satisfying

$$\langle v, \mathbb{E}w \rangle = \mathbb{E}\langle v, w \rangle$$

for all $v \in H$. $\mathbb{E}w$ exists iff $\mathbb{E}\|w\| < \infty$.

Variance $\Sigma$ of $w$ is given by an operator for which

$$\mathbb{E}\langle v_i, w - \mathbb{E}w \rangle\langle v_j, w - \mathbb{E}w \rangle = \langle v_i, \Sigma v_j \rangle$$

for all $v_i, v_j \in H$.

- For $w \in H$ with $\mathbb{E}w = 0$, $\mathbb{E}\langle v_i, w \rangle\langle v_j, w \rangle = \langle v_i, \mathbb{E}(w \otimes w)v_j \rangle$, and $\Sigma$ is given simply by the expected tensor product $\mathbb{E}(w \otimes w)$.

- For a finite dimensional $w$, $\mathbb{E}(w \otimes w)$ reduces to $\mathbb{E}ww'$. 
In a simple functional AR(1) model

\[ w_t = A w_{t-1} + u_t, \]

where \((u_t)\) is now an iid sequence of random functionals. For each realization of \((u_t)\), we have a random function, and \(A\) is a linear operator transforming a function into another function. Consequently, for each realization of \((u_t)\), we have

\[ w_t = u_t + A u_{t-1} + A^2 u_{t-2} + \cdots \]
The mean reversion property of \((w_t)\) is determined by the norm \(\|A\|\).

- \((w_t)\) is **stationary** if \(\|A\| < 1\), i.e., \(\|Av\| < \|v\|\) for all \(v\). Mean reversion in all directions. Deviates from mean only temporarily, and randomly fluctuates around the mean in all directions.

- \((w_t)\) has a **unit root** in the direction of \(v\) if \(\|Av\| = \|v\|\). Persistent, and non mean reverting due to the presence a **stochastic trend** with no mean reversion in the direction of \(v\).

- \((w_t)\) is **explosive** in the direction of \(v\) if \(\|Av\| > \|v\|\). No mean reversion in the direction of \(v\).

We provide a mathematical framework to more explicitly identify and analyze the **unit root and cointegration directions** in the function space of state densities.
II. Distributional Unit Roots
Model for Functional Data

- For each time $t = 1, 2, \ldots$, suppose there is a distribution represented by a probability density $f_t$, whose value at ordinate $s \in \mathbb{R}$ is denoted by $f_t(s)$.

- Denote by
  \[
  w_t = f_t - \mathbb{E}f_t
  \]
a demeaned density function and treat $w_t$ as functional data taking values in Hilbert space $H$.

- We define $H$ to be the set of functions on a compact subset $K$ of $\mathbb{R}$ that have vanishing integrals and are square integrable, i.e.,
  \[
  H = \left\{ w \left| \int_K w(s)ds = 0, \int_K w^2(s)ds < \infty \right. \right\}
  \]

  with inner product $\langle v, w \rangle = \int v(s)w(s)ds$ for $v, w \in H$. 
Coordinate Process

- We assume that there exists an orthonormal basis \((v_i)\) of \(H\) such that
  \[
  w_t = \sum_{i=1}^{\infty} \langle v_i, w_t \rangle v_i
  \]

- And the \(i\)-th coordinate process
  \[
  \langle v_i, w_t \rangle
  \]
  has a unit root for \(i = 1, \ldots, n\), while it is stationary for all \(i \geq n + 1\).

- By convention, we set \(n = 0\) if all the coordinate processes are stationary.
Unit Root and Stationarity Subspaces

Using the symbol $\bigvee$ to denote span, we let

$$H_N = \bigvee_{i=1}^{n} v_i \quad \text{and} \quad H_S = \bigvee_{i=n+1}^{\infty} v_i$$

so that $H = H_N \oplus H_S$. In what follows, $H_N$ and $H_S$ will respectively be referred to as the unit root and stationarity subspaces of $H$.

We also let $\Pi_N$ and $\Pi_S$ be the projections on $H_N$ and $H_S$, respectively. Moreover, we define

$$w_t^N = \Pi_N w_t \quad \text{and} \quad w_t^S = \Pi_S w_t$$

Note that $\Pi_N + \Pi_S = 1$ (the identity operator on $H$), so in particular we have

$$w_t = w_t^N + w_t^S$$
When $u_t = \Delta w_t = \Phi(L)\varepsilon_t$, it follows that

$$w^N_t = \Pi_N w_t = \Pi_N \Phi(1) \sum_{i=1}^t \varepsilon_i - \Pi_N \bar{u}_t$$

and

$$w^S_t = \Pi_S w_t = -\Pi_S \bar{u}_t$$

Clearly, $(w^N_t)$ is an integrated process, while $(w^S_t)$ is stationary.

The unit root dimension $n$ is unknown in practical applications.

We will explain how to

- Determine $n$ statistically
- Estimate the subspaces $H_S$ and $H_N$
Our test for unit roots in \((w_t)\) is based on the sample variance operator

\[
M^T = \sum_{t=1}^{T} w_t \otimes w_t,
\]

whose quadratic form is given by

\[
\langle v, M^T v \rangle = \sum_{t=1}^{T} \langle v, w_t \rangle^2
\]

for \(v \in H\).

Asymptotic behavior of the quadratic form of sample variance operator depends crucially on whether \(v\) is in \(H_N\) or in \(H_S\).
For $v \in H_S$, the coordinate process $\langle v, w_t \rangle$ becomes stationary and we expect that
\[
T^{-1} \sum_{t=1}^{T} \langle v, w_t \rangle^2 \rightarrow_p \mathbb{E} \langle v, w_t \rangle^2
\]
as long as the expectation exists.

On the other hand, if $v \in H_N$ and the coordinate process $\langle v, w_t \rangle$ is integrated, it follows under a very mild condition that
\[
T^{-2} \sum_{t=1}^{T} \langle v, w_t \rangle^2 \rightarrow_d \int_0^1 V(r)^2 \, dr - \left( \int_0^1 V(r) \, dr \right)^2,
\]
where $V$ is a Brownian motion.

Therefore, the quadratic form has different orders of magnitude, i.e., $O_p(T)$ and $O_p(T^2)$, depending upon whether the coordinate process $\langle v, w_t \rangle$ is stationary or integrated.
We let $H_N$ be $n$-dimensional.

Denote by $v_1^T, v_2^T, \ldots$ the orthonormal eigenvectors of the sample variance operator $M^T$.

It is shown that

$$v_i^T \xrightarrow{p} v_i$$

for $i = 1, 2, \ldots$, as $T \to \infty$. 
Once we determine the number of unit roots \( n \) in \((w_t)\), we may estimate the nonstationarity subspace \( H_N \) by

\[
H_N^T = \bigvee_{i=1}^{n} v_i^T,
\]

i.e., the span of the \( n \) orthonormal eigenvectors of the sample variance operator \( M_T^T \) associated with \( n \) largest eigenvalues of \( M_T \).

Recall

\[
H_N = \bigvee_{i=1}^{n} v_i \quad \text{and} \quad H_S = \bigvee_{i=n+1}^{\infty} v_i
\]

We establish the consistency of \( H_N^T \) for \( H_N \).
If we define $\lambda_1^T \geq \lambda_2^T \geq \cdots$ to be the eigenvalues of $M^T$ associated with the eigenvectors $v_1^T, v_2^T, \ldots$, then we have

$$\lambda_i^T = \langle v_i^T, M^T v_i^T \rangle = \sum_{t=1}^{T} \langle v_i^T, w_t \rangle^2$$

for $i = 1, 2, \ldots$.

Therefore, it follows that

$$\lambda_i^T = \begin{cases} O_p(T^2) & \text{for } i = 1, \ldots, n \\ O_p(T) & \text{for } i = n + 1, \ldots \end{cases}$$
To determine the number of unit roots in \((w_t)\), we consider the test of the null hypothesis

\[ H_0 : \dim (H_N) = n \]

against the alternative hypothesis

\[ H_1 : \dim (H_N) \leq n - 1 \]

successively downward.

More precisely, we start testing the null with \(n = n_{\text{max}}\), where \(n_{\text{max}}\) is large enough so that \(\dim (H_N) \leq n_{\text{max}}\).

Continue with \(n = n_{\text{max}} - 1\) if the null is rejected in favor of the alternative. If, for any \(n\), \(\dim (H_N) \leq n\) and the null is not rejected, then we may conclude that \(\dim (H_N) = n\).

Therefore, we may estimate the number of unit roots in \((w_t)\) by the smallest value of \(n\) for which we fail to reject the null.
We expect that the eigenvalue $\lambda_n^T$ would have a discriminatory power for the test of null against the alternative, since it has different orders of stochastic magnitudes under the null and alternative hypotheses.

However, it cannot be used directly as a test statistic, since its limit distribution is dependent upon nuisance parameters.

Therefore, we need to modify it appropriately to get rid of its nuisance parameter dependency problem.
To introduce our test, define \((z_t^T)\) for \(t = 1, \ldots, T\) by
\[
z_t^T = (\langle v_1^T, w_t \rangle, \ldots, \langle v_n^T, w_t \rangle)'\]

Also define the product sample moment \(M_n^T = \sum_{t=1}^{T} z_t^T z_t^{T'}\) (sample variance in the unit root subspace), and the long-run variance estimator \(\Omega_n^T = \sum_{|k| \leq \ell} \varpi_\ell(k) \Gamma_T(k)\) of \((z_T^T)\), where \(\varpi_\ell\) is the weight function with bandwidth parameter \(\ell\) and \(\Gamma_T\) is the sample autocovariance function defined as
\[
\Gamma_T(k) = T^{-1} \sum_t \Delta z_t^T \Delta z_{t-k}^{T'}.
\]

Our test statistic is defined as
\[
\tau_n^T = T^{-2} \lambda_{\min} \left( M_n^T, \Omega_n^T \right),
\]
where \(\lambda_{\min} \left( M_n^T, \Omega_n^T \right)\) is the smallest generalized eigenvalue of \(M_n^T\) with respect to \(\Omega_n^T\).
Under very general conditions, we show that
\[ \tau_n^T \to d \lambda_{\min} \left( \int_0^1 W_n(r)W_n(r)'dr - \int_0^1 W_n(r)dr \int_0^1 W_n(r)'dr \right) \]
under the null, as \( T \to \infty \), where \( W_n \) is \( n \)-dimensional standard vector Brownian motion and \( \lambda_{\min}(\cdot) \) denotes the smallest eigenvalue of its matrix argument.

On the other hand, we have \( \tau_n^T \to p 0 \) under the alternative as \( T \to \infty \).

Therefore, we reject the null in favor of the alternative if the test statistic \( \tau_n^T \) takes small values.
Critical values for the tests are obtained based on $\tau^T_n$ for $n = 1, \ldots, 5$, by simulations.

For simulations, BM is approximated by standardized partial sum of mean zero i.i.d. normal random variates with sample size 10,000, and actual critical values are computed using 100,000 iterations.

<table>
<thead>
<tr>
<th>$n$</th>
<th>1</th>
<th>2</th>
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<th>4</th>
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<tr>
<td>1%</td>
<td>0.0274</td>
<td>0.0175</td>
<td>0.0118</td>
<td>0.0103</td>
<td>0.0085</td>
</tr>
<tr>
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<td>0.0385</td>
<td>0.0223</td>
<td>0.0154</td>
<td>0.0127</td>
<td>0.0101</td>
</tr>
<tr>
<td>10%</td>
<td>0.0478</td>
<td>0.0267</td>
<td>0.0175</td>
<td>0.0139</td>
<td>0.0111</td>
</tr>
</tbody>
</table>
Degree of Persistency in Moments

- We may now find how much nonstationarity proportion exists in each cross-sectional moment.

- In what follows, we redefine \( \iota_\kappa \) as \( \iota_\kappa - \frac{1}{|K|} \int_K \iota_\kappa(s)ds \), so that we may regard it as an element in \( H \).

- We may decompose \( \iota_\kappa \) as \( \iota_\kappa = \Pi_N \iota_\kappa + \Pi_S \iota_\kappa \), from which it follows that

\[
\| \iota_\kappa \|^2 = \| \Pi_N \iota_\kappa \|^2 + \| \Pi_S \iota_\kappa \|^2 = \sum_{i=1}^{n} \langle \iota_\kappa, v_i \rangle^2 + \sum_{i=n+1}^{\infty} \langle \iota_\kappa, v_i \rangle^2,
\]

where \((v_i), i = 1, 2, \ldots,\) is an orthonormal basis of \( H \) such that \((v_i)_{1 \leq i \leq n}\) and \((v_i)_{i \geq n+1}\) span \( H_N \) and \( H_S \), respectively.
Nonstationarity Proportion in Moments

- To measure the proportion of $\iota_\kappa$ lying in $H_N$, we define

$$\pi_\kappa = \frac{\|\Pi_N \iota_\kappa\|}{\|\iota_\kappa\|} = \sqrt{\sum_{i=1}^{n} \langle \iota_\kappa, v_i \rangle^2} / \sqrt{\sum_{i=1}^{\infty} \langle \iota_\kappa, v_i \rangle^2}.$$

- $\pi_\kappa = 1$ and $\pi_\kappa = 0$, respectively, if $\iota_\kappa$ is entirely in $H_N$ and $H_S$.

- Therefore, we may use $\pi_\kappa$ to represent the proportion of nonstationary component in the $\kappa$-th cross-sectional moment of $(w_t)$.

- The $\kappa$-th cross-sectional moment of $(w_t)$ has more dominant unit root component as $\pi_\kappa$ tends to unity, whereas it becomes more stationary as $\pi_\kappa$ approaches to zero.
Sample Nonstationarity Proportion

- The nonstationarity proportion $\pi_\kappa$ of the $\kappa$-th cross-sectional moment is not directly applicable, since $H_N$ and $H_S$ are unknown.

- However, we may use its sample version

\[
\pi^T_\kappa = \sqrt{\frac{\sum_{i=1}^{n} \langle \ell_\kappa, v_i^T \rangle^2}{\sum_{i=1}^{T} \langle \ell_\kappa, v_i^T \rangle^2}}.
\]

- The sample version $\pi^T_\kappa$ of $\pi_\kappa$ will be referred to as the sample nonstationarity proportion of the $\kappa$-th cross-sectional moment of $(w_t)$.

- We show that the sample version $\pi^T_\kappa$ is a consistent estimator for the original $\pi_\kappa$. 
Empirical Illustrations
Overview

▶ We demonstrate how to define and estimate the state densities, and test for unit roots in the time series of densities representing cross-sectional or intra-period distributions of economic variables.

▶ State densities are estimated by standard kernel density estimation method on cross-sectional or intra-period observations, and their nonstationarities are analyzed using the test $\hat{\tau}_T^n$.

▶ Unit root dimension $n$ of state densities is determined by applying $\hat{\tau}_T^n$ successively downward starting from $n = n_{\text{max}}$.

▶ Unit root space $H_N$ is then estimated and the unit root proportion $\pi_\kappa$ is computed for the first several moments. $\pi_\kappa$ provides the proportion of nonstationary fluctuation in the $\kappa$-th moment of the state distribution.
For the representation of infinite dimensional functions in Hilbert space as finite dimensional numerical vectors, we use a Daubechies wavelet basis.

Wavelets are two dimensional arrays in location and resolutions, and hence they provide more flexibilities in fitting the state densities in our applications, some of which have severe asymmetry and time-varying support. The wavelet basis in general yields a much better fit than the trigonometric basis.

The Daubechies wavelet is implemented with 1037 basis functions.
Cross-Sectional Distributions of Individual Earnings
Distributions of Individual Earnings

- The cross-sectional observations of individual weekly earnings are obtained at monthly frequency from Current Population Survey (CPS) data set. The individual weekly earnings are deflated by consumer price index with base year 2005.

- The data set provides 247 time series observations spanning from January 1994 to July 2014, and the number of cross-sectional observations for each month ranges from 12,180 (April 1996) to 15,826 (October 2001).

- For confidentiality reasons, individual earnings are topcoded above a certain level. Top code value was revised in 1998 up to $2,885 from $1,923. We drop all topcoded individual earnings as well as zero earnings as in Liu (2011) and Shin and Solon (2011).
Densities of Weekly Individual Earnings
To determine the unit root dimension $n$ in the time series of cross-sectional distributions of individual earnings, we use the statistic $\hat{\tau}_n^T$ to test for the null hypothesis $H_0 : \dim(H_N) = n$ against the alternative $H_1 : \dim(H_N) \leq n - 1$ with $n = 1, \ldots, 5$.

<table>
<thead>
<tr>
<th>$M$</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\hat{\tau}_n^T$</td>
<td>0.1090</td>
<td>0.0834</td>
<td>0.0094</td>
<td>0.0078</td>
<td>0.0075</td>
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</table>

- Our test, strongly and unambiguously, rejects $H_0$ against $H_1$ successively for $n = 5, 4, 3$. Clearly, however, the test cannot reject $H_0$ in favor of $H_1$ for $n = 2$.
- We conclude that there exists two-dimensional unit root, and set $\hat{n}_T = 2$. 

Scree Plot of Eigenvalues - Individual Earnings
Integrated Coordinate Processes - Individual Earnings
Stationary Distributions - Individual Earnings
We compute the estimates $\hat{\pi}_T^\kappa$ of the unit root proportions $\pi_\kappa$ with $\hat{n}_T = 2$ for the first four moments.

<table>
<thead>
<tr>
<th>$\hat{\pi}_1^T$</th>
<th>$\hat{\pi}_2^T$</th>
<th>$\hat{\pi}_3^T$</th>
<th>$\hat{\pi}_4^T$</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.5280</td>
<td>0.3388</td>
<td>0.2377</td>
<td>0.1822</td>
</tr>
</tbody>
</table>

- The unit root proportions for the first four moments are all nonnegligibly large. In particular, the unit root proportions for the first two moments are quite substantial.
- The presence of a substantial unit root proportion in the second moment explains the recent empirical findings on changes in volatilities of individual earnings. Dynan et al (2008) and others.
- Nonstationarity in time series of individual earnings distributions would certainly make their volatilities more persistent.
Intra-Month Distributions of Stock Returns
For each month during January 1992 to June 2010, we use S&P 500 index returns at one-minute frequency to estimate 222 densities for the intra-month distributions. The one-minute returns of S&P 500 index are obtained from Tick Data Inc. The number of intra-month observations varies from 7211 to 9177, except for September 2001, for which we only have 5982 observations.

The intra-month observations are truncated at 0.50% and 99.5% percentiles before we estimate the state densities.

To avoid micro-structure noise, we also use the five-minute observations to estimate the intra-month observations. Our empirical results are, however, virtually unchanged.
Intra-month S&P 500 Returns
Demeaned Intra-Month S&P 500 Returns
To test for existence of nonstationarity in time series of intra-month S&P 500 return distributions, we use $\hat{\tau}_n^T$ to test $H_0 : \text{dim}(H_N) = n$ against $H_1 : \text{dim}(H_N) \leq n - 1$ with $n = 1, \ldots, 5$.

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<tbody>
<tr>
<td>$\hat{\tau}_n^T$</td>
<td>0.0612</td>
<td>0.0167</td>
<td>0.0112</td>
<td>0.0107</td>
<td>0.00104</td>
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</table>

- Our test successively rejects $H_0$ against $H_1$ for $n = 5, 4, 3, 2$.
- However, at 5% level, the test cannot reject $H_0$ in favor of $H_1$ for $n = 1$. Our test result implies that there exists one-dimensional unit root, i.e., $\hat{n}_T = 1$. 
Scree Plot of Eigenvalues - S&P 500 Returns
Integrated Coordinate Processes - S&P 500 Returns

The graph depicts the S&P 500 returns over time from 1992 to 2010. The y-axis represents the returns in multiples of 10^4, ranging from -1.5 to 1.5. There are two lines on the graph:
- The blue line represents the normalized mean process.
- The green line represents the nonstationary coordinate process.
Stationary Components - S&P 500 Returns
Compute the estimates $\hat{\pi}_T^k$ of the unit root proportions $\pi_k$ for the first four moments, with $\hat{n}_T = 1$.

\begin{array}{cccc}
\hat{\pi}_1^T & \hat{\pi}_2^T & \hat{\pi}_3^T & \hat{\pi}_4^T \\
0.0047 & 0.2087 & 0.0039 & 0.0958 \\
\end{array}

- The nonstationarity is more concentrated in the second and fourth moments, with the unit root proportion of the second moment being the largest.
- The unit root proportion of the first and third moments are almost negligible. This is well expected, since for many financial time series strong persistency is observed mainly in volatility and kurtosis.
Temperature Distributions
Data

- Compiled by Climatic Research Unit at University of East Anglia and Hadley Centre of UK Met office.

- Global average of combined land and sea surface temperatures over widely dispersed locations, in a time series from 1850 to date (From 1,652 to 55,576 stations)

- Expressed as the deviation from the average of the period 1961-1990 and these deviations are called temperature anomalies.

- Temperature anomalies on a $5\degree$ by $5\degree$ grid-box basis (number of monthly grids: $36 \times 72 = 2,592$, number of annual grids: $2,592 \times 12 = 31,104$)
Total number of 5° by 5° grid-boxes is 31,104 (=36*72*12) for globe and 15,552 (=18*72*12) for northern and southern hemisphere.
Temperature Densities - Globe
Mean, Variance, Skewness and Kurtosis for Globe
Temperature Densities - Northern Hemisphere
Mean, Variance, Skewness and Kurtosis for Northern Hemisphere
Temperature Densities - Southern Hemisphere
Mean, Variance, Skewness and Kurtosis for Southern Hemisphere
Critical Values of the Test Statistics $\hat{\tau}_n^T$

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<th>$\hat{\tau}_n,1$</th>
<th>n=1</th>
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<table>
<thead>
<tr>
<th>$\hat{\tau}_n,2$</th>
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</tr>
<tr>
<td>95%</td>
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<td>90%</td>
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Findings for Globe

(a) Values of Statistics for Testing \( n=m \)

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<thead>
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<th>( n=3 )</th>
<th>( n=4 )</th>
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<td>( \hat{\tau}_{n,1}^T )</td>
<td>0.0633</td>
<td>0.0296</td>
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<td>( \hat{\tau}_{n,2}^T )</td>
<td>0.0633</td>
<td>0.0723</td>
<td>0.0116</td>
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(b) Critical Values

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<td>0.0154</td>
<td>0.0127</td>
</tr>
<tr>
<td>95%</td>
<td>0.4660</td>
<td>0.6787</td>
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</tr>
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</table>

(c) Unit Root Proportions in First Seven Moments

<table>
<thead>
<tr>
<th></th>
<th>( \hat{\pi}_{1}^T )</th>
<th>( \hat{\pi}_{2}^T )</th>
<th>( \hat{\pi}_{3}^T )</th>
<th>( \hat{\pi}_{4}^T )</th>
<th>( \hat{\pi}_{5}^T )</th>
<th>( \hat{\pi}_{6}^T )</th>
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<tr>
<td></td>
<td>0.636</td>
<td>0.637</td>
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Nonstationary Coordinate Processes - Globe
Stationary Temperature Distributions - Globe
Findings for Northern Hemisphere

(a) Values of Statistics for Testing $n=m$

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(b) Critical Values

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<td>0.0385</td>
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(c) Unit Root Proportions in First Seven Moments

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<tr>
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Stationary Temperature Distributions - Northern
## Findings for Southern Hemisphere

### (a) Values of Statistics for Testing $n=m$

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### (b) Critical Values

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<th>$n=4$</th>
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<tbody>
<tr>
<td>5%</td>
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<td>0.0154</td>
<td>0.0127</td>
</tr>
<tr>
<td>95%</td>
<td>0.4660</td>
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### (c) Unit Root Proportions in First Seven Moments

<table>
<thead>
<tr>
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<th>$\hat{\pi}_{3}^T$</th>
<th>$\hat{\pi}_{4}^T$</th>
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<td>0.473</td>
<td>0.289</td>
<td>0.343</td>
<td>0.244</td>
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Nonstationary Coordinate Processes - Southern
Stationary Temperature Distributions - Southern
III. Distributional Cointegration
Common Trends in Distributional Time Series

- Introduce a notion of distributional cointegration between two time series of densities representing cross-sectional distributions of some economic variables.

- Explain how to estimate and test for such cointegrating relationships.
A New Framework

- To analyze time series of densities representing cross-sectional distributions allowing for unit root type of nonstationarity
- To analyze possible cointegration among cross-sectional distributions
- To learn and interpret both longrun and shortrun relationships between two time series of cross-sectional distributions
Model and Methodology
Distributional Time Series

- Let \((f_t)\) and \((g_t)\) be two time series of densities representing cross-sectional distributions of some economic variables, which we call distributional time series for short.

- We regard the densities \((f_t)\) and \((g_t)\) as random elements taking values on the Hilbert space \(H\) of square integrable functions on \(\mathbb{R}\).

- For the main application in the paper, we designate \((f_t)\) and \((g_t)\) respectively to be the monthly time series of densities for income and consumption distributions. They are of course not directly observable and should be estimated using cross-sectional observations on household income and consumption.

- However, to present our framework and methodology more effectively, we tentatively assume that they are observable.
 Coordinate Processes

For the time series of densities $(f_t)$ and $(g_t)$, we define

\[ \langle v, f_t \rangle \quad \text{and} \quad \langle w, g_t \rangle \]

to be the coordinate processes of $(f_t)$ and $(g_t)$ respectively in the directions of $v$ and $w$ for any $v, w \in H$. 
Cross-sectional Moments

- The coordinate processes of \((f_t)\) and \((g_t)\) in the direction of \(\nu_\kappa\), where
  \[ \nu_\kappa(s) = s^\kappa, \]
  are particularly important, since we have
  \[ \langle \nu_\kappa, f_t \rangle = \int s^\kappa f_t(s) ds \quad \text{and} \quad \langle \nu_\kappa, g_t \rangle = \int s^\kappa g_t(s) ds, \]
  which represent the \(\kappa\)-th moments of the distributions represented by \(f_t\) and \(g_t\) for each \(t = 1, \ldots, T\).

- They will be referred subsequently to as the \(\kappa\)-th cross-sectional moments of \((f_t)\) and \((g_t)\) respectively.
We consider the distributional regression

\[ g_t = \mu + Af_t + e_t \]

for \( t = 1, \ldots, T \), where regressand and regressor are time series of densities for cross-sectional distributions, \( \mu \) and \( A \) are function and operator parameters, and \( (e_t) \) is a function-valued error process.

Operator \( A \) generalizes regression coefficient in finite-dimensional regression, and may be called the regression operator.

We allow for nonstationarity in both \( (f_t) \) and \( (g_t) \). In particular, we let some of their coordinate processes \( \langle v, f_t \rangle \) and \( \langle w, g_t \rangle \) have unit roots and cointegration, which will be referred to as the distributional unit roots and cointegration.

We assume that \( (e_t) \) is stationary and mean zero, i.e., \( \mathbb{E}e_t = 0 \) for all \( t = 1, \ldots, T \), and impose some exogeneity condition for \( (f_t) \).
Coordinate Regression

- Coordinate regression of \((g_t)\) in any direction \(w \in H\) can be readily obtained from our distributional regression as

\[
\langle w, g_t \rangle = \langle w, \mu \rangle + \langle w, Af_t \rangle + \langle w, e_t \rangle
= \langle w, \mu \rangle + \langle A^* w, f_t \rangle + \langle w, e_t \rangle
\]

for any \(w \in H\), where \(A^*\) is the adjoint operator of \(A\) and \(t = 1, \ldots, T\).

- Represents a relationship between particular coordinate processes of \((g_t)\) and \((f_t)\).

- May be interpreted as the usual bivariate regression of the coordinate process \((\langle w, g_t \rangle)\) of \((g_t)\) on the coordinate process \((\langle v, f_t \rangle)\) of \((f_t)\) with \(v = A^* w\) for any \(w \in H\).

- Reveals the effect of the distribution represented by \((f_t)\) on the coordinate process \((\langle w, g_t \rangle)\) of distribution \((g_t)\) for \(w \in H\).
More on Coordinate Regression

- The coordinate regression of \((g_t)\) in any direction \(w \in H\) is given as

\[
\langle w, g_t \rangle = \langle w, \mu \rangle + \langle A^* w, f_t \rangle + \langle w, e_t \rangle
\]

- The effect of the distribution represented by \((f_t)\) on the coordinate process \((\langle w, g_t \rangle)\) is summarized by \(v = A^* w\), which we call the response function of \((f_t)\) to the coordinate process \((\langle w, g_t \rangle)\).

- If we set \(w = \iota_\kappa\), the coordinate regression reveals how the \(\kappa\)-th cross-sectional moment of \((g_t)\) is affected by the distribution represented by \((f_t)\), and the response function \(v = A^* w = A^* \iota_\kappa\) measures the effect of \((f_t)\) on the \(\kappa\)-th cross-sectional moments of \((g_t)\).

- We analyze the coordinate regression separately for stationary and nonstationary components of \((f_t)\) and \((g_t)\).
We may consider the dist regression in a demeaned form as

\[ y_t = A x_t + \varepsilon_t, \]

where

\[ x_t = f_t - \frac{1}{T} \sum_{t=1}^{T} f_t, \quad y_t = g_t - \frac{1}{T} \sum_{t=1}^{T} g_t \]

and \( \varepsilon_t = e_t - T^{-1} \sum_{t=1}^{T} e_t \) for \( t = 1, \ldots, T. \)

Note that \( \varepsilon_t \approx e_t - \mathbb{E} e_t = e_t \) for large \( T \), since we assume that \((e_t)\) is stationary and has mean zero.

However, in general, \((x_t)\) and \((y_t)\) do not behave the same as \((f_t - \mathbb{E} f_t)\) and \((g_t - \mathbb{E} g_t)\) even asymptotically, since \((f_t)\) and \((g_t)\) are nonstationary.

We mainly deal with the demeaned densities \((x_t)\) and \((y_t)\) in our statistical analysis.
Demeaned Densities and Moment Functions

- We assume that the densities \((f_t)\) and \((g_t)\) all have supports included in a compact subset \(K\) of \(\mathbb{R}\), for \(t = 1, \ldots, T\).
- Then the demeaned densities \((x_t)\) and \((y_t)\) take values in

\[
L_0^2(K) = \left\{ w \in H \left| \int_K w(s)ds = 0, \int_K w^2(s)ds < \infty \right. \right\},
\]

which is a subspace of the Hilbert space \(L^2(\mathbb{R})\) of square integrable functions on \(\mathbb{R}\) endowed with the usual inner product.
- The moment functions \(\iota_\kappa\) are redefined as

\[
\iota_\kappa(s) = s^\kappa - \frac{1}{|K|} \int_K s^\kappa ds,
\]

where \(|K|\) denotes the length of \(K\), so that they belong to \(L_0^2(K)\).
- For all our actual computations, we use an approximate one-to-one correspondence between \(L_0^2(K)\) and \(\mathbb{R}^M\) for some large \(M\) using a Wavelet basis in \(L_0^2(K)\).
Stationarity and Nonstationarity Subspaces

- We allow for nonstationarity in \((f_t)\) and \((g_t)\). More precisely, the coordinate processes \((\langle v, f_t \rangle)\) and \((\langle w, g_t \rangle)\) are allowed to have unit roots in the directions of some \(v\) and \(w\) for \(v, w \in H\).

- Stationarity subspaces \(F_S\) and \(G_S\) of \((f_t)\) and \((g_t)\) are defined as the subspaces of \(H\) defined as

\[
F_S = \{ v \in H \mid \langle v, f_t \rangle \text{ is stationary} \}
\]
\[
G_S = \{ w \in H \mid \langle w, g_t \rangle \text{ is stationary} \},
\]

- Nonstationarity subspaces \(F_N\) and \(G_N\) of \((f_t)\) and \((g_t)\) are defined as orthogonal complements of \(F_S\) and \(G_S\), so that \(H = F_N \oplus F_S = G_N \oplus G_S\).

- We only consider the unit root type nonstationarity in \((f_t)\) and \((g_t)\), and therefore the time series \((\langle v, f_t \rangle)\) and \((\langle w, g_t \rangle)\) are unit root processes for all \(v \in F_N\) and \(w \in G_N\).
If \((f_t)\) and \((g_t)\) have the unit root type nonstationarity, it is natural to consider the possibility that some of their coordinate processes are cointegrated.

That is, for some \(v \in F_N\) and \(w \in G_N\), we may have

\[
\langle w, g_t \rangle = \pi + \langle v, f_t \rangle + u_t
\]

with some constant \(\pi\), where \((u_t)\) is a general stationary process with mean zero.
Assume $F_N$ and $G_N$ are $p$- and $q$-dimensional and there are $p$- and $q$-unit roots in $(f_t)$ and $(g_t)$, respectively.

Therefore, we have $v_1, \ldots, v_p$ and $w_1, \ldots, w_q$, which are linearly independent and span $F_N$ and $G_N$, such that $\langle v_i, f_t \rangle$ and $\langle w_j, g_t \rangle$ are unit root processes for $i = 1, \ldots, p$ and $j = 1, \ldots, q$. If the $(p + q)$-dimensional unit root process $(z_t)$ defined as

$$z_t = (\langle v_1, f_t \rangle, \ldots, \langle v_p, f_t \rangle, \langle w_1, g_t \rangle, \ldots, \langle w_q, g_t \rangle)'$$

is cointegrated with the cointegrating vector

$$c = (-a_1, \ldots, -a_p, b_1, \ldots, b_q)'$$

then the distributional cointegration holds with

$$v = a_1v_1 + \cdots + a_pv_p \quad \text{and} \quad w = b_1w_1 + \cdots + bqw_q.$$

The pair of functions $v$ and $w$ are called distributional cointegrating functions of two time series $(f_t)$ and $(g_t)$ of densities.
Denote the distributional cointegrating functions by

\[ v^C = a_1 v_1 + \cdots + a_p v_p \]
\[ w^C = b_1 w_1 + \cdots + b_q w_q \]

The distributional cointegrating function \((v^C, w^C)\) of \((f_t)\) and \((g_t)\) measures the longrun response \(v^C\) of the time series of cross-sectional distribution represented by \((f_t)\) on the time series \((w^C, g_t))\).

In particular, we define \(v^C\) to be the longrun response function of \((f_t)\) on \((w^C, g_t))\), which we may interpret as summarizing the longrun effect of \((f_t)\) on the longrun movement of \((g_t)\) in the direction of \(w^C\).
Clearly, there are at most $r$-number of linearly independent distributional cointegrating relationships, $r \leq \min(p, q)$, between $(f_t)$ and $(g_t)$.

Otherwise we would have a cointegrating vector $c$ of the form $c = (-a_1, \ldots, -a_p, 0, \ldots, 0)'$ or $c = (0, \ldots, 0, b_1, \ldots, b_q)'$, which implies that there is a linear combination of $v_1, \ldots, v_p$ or $w_1, \ldots, w_q$ whose inner product with $(f_t)$ or $(g_t)$ becomes stationary.

This contradicts the assumption that $v_1, \ldots, v_p$ and $w_1, \ldots, w_q$ are linearly independent functions that span $F_N$ and $G_N$, respectively.
Distributional Cointegration

The distributional cointegration does not presume any distributional regression relationship like \( g_t = \mu + A f_t + e_t \). However, for two time series of densities \((f_t)\) and \((g_t)\) that are given by the above distributional regression model, we may easily deduce that

Lemma  Let \((f_t)\) and \((g_t)\) be given by the distributional regression model \( g_t = \mu + A f_t + e_t \) with some stationary \((e_t)\). Then for any \(w \in G_N\), we have \( A^* w \not\in F_S \) and the distributional cointegration

\[ \langle w, g_t \rangle = \pi + \langle v, f_t \rangle + u_t \]

holds with \( v = P_N A^* w \).
Longrun Response to Cross-sectional Moments

- If \((f_t)\) and \((g_t)\) are given by the distributional regression 
  \[ g_t = \mu + A f_t + e_t, \]
  then we have 
  \[ G_C = G_N \quad \text{and} \quad r = q \leq p, \]

- In this case, there exists a distributional cointegrating function 
  \((v^C, w^C)\) with 
  \[ w^C = Q_N \iota_\kappa \]

- Then it follows that 
  \[ \langle w^C, g_t \rangle = \langle Q_N \iota_\kappa, g_t \rangle = \langle \iota_\kappa, Q_N g_t \rangle = \langle \iota_\kappa, g_t^N \rangle, \]
  where \(g_t^N = Q_N g_t\) is the nonstationary component of \((g_t)\).

- Therefore, we may interpret the corresponding \(v^C\) as the longrun response function of \((f_t)\) to the \(\kappa\)-th cross-sectional moment of \((g_t^N)\), or the \(\kappa\)-th longrun cross-sectional moment of \((g_t)\).
Assume that we find $p$ and $q$, the numbers of unit roots in $(f_t)$ and $(g_t)$, and obtain consistent estimates $(v_i^T)$ of $(v_i)$ and $(w_j^T)$ of $(w_j)$, $i = 1, \ldots, p$ and $j = 1, \ldots, q$, which span the nonstationary subspaces $F_N$ and $G_N$ of $(f_t)$ and $(g_t)$.

To test for distributional cointegration, we let $(z_t^T)$ be defined as

$$z_t^T = (\langle v_1^T, x_t \rangle, \ldots, \langle v_p^T, x_t \rangle, \langle w_1^T, y_t \rangle, \ldots, \langle w_q^T, y_t \rangle)'$$

Clearly, the test $\tau_n^T$ to determine the number of distributional unit roots may be used to test for the number of unit roots in $(z_t)$, $z_t = (\langle v_1, x_t \rangle, \ldots, \langle v_p, x_t \rangle, \langle w_1, y_t \rangle, \ldots, \langle w_q, y_t \rangle)'$.

The maximum number of unit roots for $(z_t)$ is of course given by $p + q$ (no distributional cointegration in $(f_t)$ and $(g_t)$).

$n$-number of unit roots for $(z_t)$ implies $r$-number of cointegrating relationships with $r = (p + q) - n.$
Empirical Illustrations

Income-Consumption Dynamics
Interactive Income-Consumption Dynamics

- As an application of our model and methodology, we analyze the interactions between the income and consumption dynamics.

- For our analysis, we apply our theory developed thus far with \((f_t)\) and \((g_t)\) representing the time series of household income and household consumption distributions.
Data

- The cross-sectional observations of household income and consumptions are obtained at monthly frequency from Consumer Expenditure Survey (CES), collected for Bureau of Labor Statistics, US Census Bureau.
- CES consists of two surveys - Quarterly Interview Survey and Diary Survey, that provide information on buying habits, expenditures, income, and consumer unit (families and single consumers) characteristics. CES is the only Federal survey to provide information on complete range of consumer expenditures and incomes.
- The data set provides 400 time series observations from October 1979 to February 2013, with cross-sectional observations for each month ranging from 1,537 to 5,406.
- During this sample period, each household is included in the survey at most five times, and therefore CES provides a pseudo panel data.
More on Data

In order to construct monthly household income and consumption, we follow the definitions in Krueger and Perri (2006), and aggregate the monthly values provided in Universal Classification Code (UCC) level for each month and year.

We then deflated the nominal income and consumption values by monthly CPI provided by BLS for all urban households with using a base year which varies among 1982, 1983 and 1984.

The survey uses topcodes which may change annually and be applied at a different starting point. We drop all top-coded values.

As in Krueger and Perri (2006), we correct expenditure on food, impute services from vehicle and primary residence, and exclude observations with possible measurement error or inconsistency problem.
Interactive Dynamics of Income and Consumption

If

- the time series of income distributions has $p$ unit roots
- the time series of consumption distributions has $q$ unit roots
- there are $r$ cointegrating relationships between them

Then, there are $(p + q) - r$ unit roots in their time series combined together.
Densities of Household Incomes
Demeaned Densities of Household Incomes
To determine the unit root dimension $n$ in the time series of cross-sectional distributions of household incomes, use the test $\hat{\tau}_n^T$ to test $H_0: \dim(H_N) = n$ against $H_1: \dim(H_N) \leq n - 1$ with $n = 1, \ldots, 5$.

<table>
<thead>
<tr>
<th>$M$</th>
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<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
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<tbody>
<tr>
<td>$\hat{\tau}_n^T$</td>
<td>0.1734</td>
<td>0.0338</td>
<td>0.0106</td>
<td>0.0088</td>
<td>0.0076</td>
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</table>

- Our test, strongly and unambiguously, rejects $H_0$ against $H_1$ successively for $n = 5, 4, 3$. Clearly, however, the test cannot reject $H_0$ in favor of $H_1$ for $n = 2$.
- We conclude that there exists two-dimensional unit root, and set $\hat{n}_T = 2$. 
Scree Plot of Eigenvalues - Incomes
Integrated Coordinate Processes - Incomes

Graph showing time series data from 1980 to 2010 with three different processes:
- Normalized Mean Process
- 1st Nonstationary Coordinate Process
- 2nd Nonstationary Coordinate Process
Stationary Components - Incomes
Compute the unit root portion estimates $\hat{\pi}_T^\kappa$ for the cross-sectional distributions of household incomes with $\hat{n}_T = 2$ for the first four moments.

<table>
<thead>
<tr>
<th>$\hat{\pi}_1^T$</th>
<th>$\hat{\pi}_2^T$</th>
<th>$\hat{\pi}_3^T$</th>
<th>$\hat{\pi}_4^T$</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.5734</td>
<td>0.3943</td>
<td>0.2755</td>
<td>0.2011</td>
</tr>
</tbody>
</table>

- The unit root proportions for the first four moments of the cross-sectional household income distributions are all substantially large. In particular, the unit root proportions for the first two moments are quite substantial.

- Nonstationarity in the cross-sectional household income distributions would certainly make their volatilities more persistent.
Densities of Household Consumptions
Demeaned Densities of Household Consumptions
To test for existence of unit root in time series of cross-sectional distributions of household consumptions, use the statistic $\hat{\tau}_n^T$ to test $H_0 : \text{dim}(H_N) = n$ against $H_1 : \text{dim}(H_N) \leq n - 1$ with $n = 1, \ldots, 5$.

<table>
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<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\hat{\tau}_n^T$</td>
<td>0.0452</td>
<td>0.0100</td>
<td>0.0099</td>
<td>0.0075</td>
<td>0.0069</td>
</tr>
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</table>

- Our test successively rejects the null against the alternative for $n = 5, 4, 3, 2$.
- However, at 5% level, the test cannot reject $H_0$ in favor of $H_1$ for $n = 1$. Our test result implies $\hat{n}_T = 1$. 
Scree Plot of Eigenvalues - Consumptions
Integrated Coordinate Processes - Consumptions
Stationary Components - Consumptions
Compute the estimates $\hat{\pi}^T_{\kappa}$ of the unit root proportions $\pi_{\kappa}$ for the first four moments of the cross-sectional distributions of household consumption, with $\hat{n}_T = 1$.

\[
\begin{array}{cccc}
\hat{\pi}^T_1 & \hat{\pi}^T_2 & \hat{\pi}^T_3 & \hat{\pi}^T_4 \\
0.5598 & 0.4483 & 0.3595 & 0.3169
\end{array}
\]

- The unit root proportions are also substantial for all of the first four moments.
Distributional Cointegration

- $H_N(f)$ and $H_N(g)$ are estimated to be 2- and 1-dimensional and there are 2- and 1-unit roots in $(f_t)$ and $(g_t)$, denoting income and consumption distributions.
- Therefore, $v_1, v_2$ and $w_1$ span $H_N(f)$ and $H_N(g)$, such that $\langle v_1, f_t \rangle$, $\langle v_2, f_t \rangle$ and $\langle w_1, g_t \rangle$ are unit root processes.
- If 3-dimensional process $(z_t)$

$$z_t = (\langle v_1, f_t \rangle, \langle v_2, f_t \rangle, \langle w_1, g_t \rangle)'$$

is cointegrated with the cointegrating vector

$$c = (\alpha_1, \alpha_2, \beta_1)'$$

then the distributional cointegration holds with the cointegrating functions of $(f_t)$ and $(g_t)$ given by

$$v^C = \alpha_1 v_1 + \alpha_2 v_2 \quad \text{and} \quad w^C = \beta_1 w_1.$$
Test for Distributional Cointegration

We may use $\tau_n^T$ also in this case to find the number of unit roots in $(z_t)$, containing all unit root process from the time series of income and consumption distributions by testing $H_0 : (p + q) - r = n$ against $H_1 : (p + q) - r \leq n - 1$.

Given $p = 2$ and $q = 1$, we may have up to three unit roots in the time series of income and consumption distributions together. Therefore, we consider only $n = 1, 2$ and 3.

<table>
<thead>
<tr>
<th>$n$</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\hat{\tau}_n^T$</td>
<td>0.2347</td>
<td>0.0350</td>
<td>0.0113</td>
</tr>
</tbody>
</table>

Our test rejects $H_0$ against $H_1$ for $n = 3$. However, the test cannot reject $H_0$ in favor of $H_1$ for $n = 2$, giving $(p + q) - r = 2$.

This implies $r = 1$, i.e., the presence of a single cointegrating relationship between income and consumption distributions.
Scree Plot - Distributional Cointegration Test
Cointegrating Function

- Let $v_1$ and $v_2$ be orthonormal functions that span the nonstationary subspace $F_N$ of the time series $(f_t)$ of income distributions, and let $w$ be the normalized function generating the nonstationary subspace $G_N$ of the time series $(g_t)$ of consumption distribution.

- We find one cointegrating relation between income and consumption distributions, and therefore, there exists constants $a_1, a_2$ and $b$ such that

$$b\langle w, g_t \rangle = \delta + a_1 \langle v_1, f_t \rangle + a_2 \langle v_2, f_t \rangle + u_t$$

with some constant function $\delta$ and general stationary process $(u_t)$ with mean zero.

- In this case, we have

$$v_C = a_1 v_1 + a_2 v_2 \quad \text{and} \quad w_C = bw,$$

where $(v_C, w_C)$ is the cointegrating function of $(f_t)$ and $(g_t)$. 
Stochastic Trends in Income and Consumption
Common Trends in Income and Consumption
Aggregate Income and Aggregate Consumptions
We may readily obtain estimates of $v_C$ and $w_C$, which we define as

$$ v_T^C = a_{1T} v_1^T + a_{2T} v_2^T \quad \text{and} \quad w_C = b_T w_T, $$

from our estimates $v_1^T, v_2^T$ and $w_T$ of $v_1, v_2$ and $w$, and $a_{1T}, a_{2T}$ and $b_T$ of $a_1, a_2$ and $b$.

The estimates $v_1^T, v_2^T$ and $w_T$ are obtained from our testing procedure for distributional unit roots, and the estimates $a_{1T}, a_{2T}$ and $b_T$ from our testing procedure for distributional cointegration, respectively in and between household income and consumption distributions.

The estimated longrun response function of income distribution to consumption distribution is given by $v_T^C$. 
Longrun Response Function
Empirical Findings

The longrun trend in consumption is most affected by the income group with monthly earnings slightly over $2,000. Roughly, all households with monthly earnings between $1,000 and $4,000 seem to play important roles in determining the persistent stochastic trend in consumption. As the level of monthly earning decreases below $1,000, the longrun component of household’s income has very little impact on the longrun consumption.

The longrun component of household’s income for the rich also does not have any major effect on the longrun consumption, though the magnitude of their effect decreases at a slower rate as their income increases than the rate it decreases as the income decreases for the poor.
The income response to consumption is estimated to be negative for the household with monthly earnings less than approximately $500, which we believe to be just an evidence of insignificant response.

Observations for households with monthly earnings below approximately $500 are scarce and irregular, so we do not expect to have any reliable results over very low income levels.
IV. Future Work
World Income Distributions
World Income Distributions - 3D
World Gini Coefficients
UK Income Distributions
UK Income Distributions
UK Gini Coefficients
UK Truncated Income Distributions
UK Truncated Incomes Decomposed
UK Truncated Gini Coefficients