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WHAT PROPERTIES DO CLIPPED DATA INHERIT FROM THE GENERATING PROCESSES?

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Abstract. We analyze the way three important properties are inherited from the generating process to the hard limited one. These properties are stationarity, Markov property and ergodicity. We discuss the implications of our results and proofs in the context of the literature of binary processes modeling with economic applications.

JEL Classification: C10

Keywords: binary time series, hard limiting, stationarity, Markov property, ergodicity

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