

Contents

Preface	1
1 Basics	2
1.1 So, What Is a Stochastic Process?	2
Definition 1	2
Example 2	3
Example 3	3
Example 4	3
Example 5	3
Example 6	3
Example 7	3
Example 8	3
Example 9	3
Example 10	3
1.2 Random Functions	4
Definition 11	4
Definition 12	4
Definition 13	4
Definition 14	5
Definition 15	5
Lemma 16	5
Definition 17	5
Corollary 18	5
Example 19	5
Example 20	6
Example 21	6
1.3 Exercises	6
Exercise 1.1	6
2 Building Processes	7
2.1 Finite-Dimensional Distributions	7
Definition 22	7
Theorem 23	8
2.2 Consistency and Extension	8

Definition 24	9
Lemma 25	9
Proposition 26	10
Theorem 27	10
Theorem 28	11
Theorem 29	11
3 Building Processes by Conditioning	13
3.1 Probability Kernels	13
Definition 30	13
Definition 31	14
3.2 Extension via Recursive Conditioning	14
Proposition 32	14
Theorem 33	15
3.3 Exercises	16
Exercise 3.1	16
Exercise 3.2	17
4 One-Parameter Processes	18
4.1 One-Parameter Processes	18
Definition 34	19
Example 35	19
Example 36	19
Example 37	19
Example 38	20
Example 39	20
Example 40	20
Example 41	20
Example 42	21
Example 43	21
Example 44	21
Example 45	21
Example 46	21
Example 47	21
4.2 Operator Representations of One-Parameter Processes	22
Definition 48	22
4.3 Exercises	22
Exercise 4.1	22
Exercise 4.2	22
5 Stationary Processes	23
5.1 Kinds of Stationarity	23
Definition 49	23
Definition 50	24
Definition 51	24

5.2 Strictly Stationary Processes and Measure-Preserving Transformations	24
Theorem 52	24
Definition 53	25
Corollary 54	25
5.3 Exercises	25
Exercise 5.1	26
Exercise 5.2	26
Exercise 5.3	26
6 Random Times	27
6.1 Reminders about Filtrations and Stopping Times	27
Definition 55	27
Definition 56	28
Definition 57	28
6.2 Waiting Times	28
Definition 58	28
Example 59	28
Example 60	29
Definition 61	29
Definition 62	29
Proposition 63	30
6.3 Kac's Recurrence Theorem	30
Lemma 64	30
Theorem 65	31
Corollary 66	32
Corollary 67	32
Theorem 68	32
Example 69	33
6.4 Exercises	33
Exercise 6.1	33
Exercise 6.2	34
7 Continuity	35
7.1 Kinds of Continuity for Processes	35
Definition 70	35
Definition 71	36
Definition 72	36
Definition 73	36
Definition 74	36
Lemma 75	36
Definition 76	37
7.2 Why Continuity Is an Issue	37
Proposition 77	37
Example 78	38
7.3 Separable Random Functions	39

Definition 79	39
Lemma 80	39
Definition 81	39
7.4 Exercises	40
Exercise 7.1	40
Exercise 7.2	40
8 More on Continuity	41
8.1 Separable Versions	41
Definition 82	42
Example 83	42
Lemma 84	42
Lemma 85	43
Lemma 86	44
Theorem 87	45
Corollary 88	46
Corollary 89	46
8.2 Measurable Versions	46
Definition 90	46
Theorem 91	47
Theorem 92	47
8.3 Cadlag Versions	47
Theorem 93	47
8.4 Continuous Modifications	47
Theorem 94	47
Definition 95	47
Lemma 96	48
Definition 97	48
Theorem 98	48
9 Markov Processes	49
9.1 The Correct Line on the Markov Property	49
Definition 99	49
Lemma 100	49
9.2 Transition Probability Kernels	50
Definition 101	50
Definition 102	51
Theorem 103	51
Definition 104	52
Theorem 105	52
9.3 Exercises	53
Exercise 9.1	53
Exercise 9.2	53
Exercise 9.3	53
Exercise 9.4	53

10 Markov Characterizations	54
10.1 The Markov Property Under Multiple Filtrations	54
Definition 106	54
Definition 107	55
Lemma 108	55
Theorem 109	55
Example 110	55
10.2 Markov Sequences as Transduced Noise	56
Theorem 111	56
Definition 112	57
10.3 Time-Evolution (Markov) Operators	57
Definition 113	58
Lemma 114	58
Theorem 115	58
Lemma 116	59
Corollary 117	59
Theorem 118	59
10.4 Exercises	59
Exercise 10.1	59
Exercise 10.2	59
11 Markov Examples	60
11.1 Transition Kernels for the Wiener Process	60
11.2 Probability Densities in the Logistic Map	61
11.3 Exercises	63
Exercise 11.1	63
Exercise 11.2	63
12 Generators	64
Definition 119	65
Lemma 120	65
Lemma 121	65
Lemma 122	65
Definition 123	66
Lemma 124	66
Theorem 125	66
Corollary 126	66
Definition 127	67
Definition 128	67
Definition 129	67
Theorem 130	67
12.1 Exercises	68
Exericse 12.1	68
Exericse 12.2	68

13 Strong Markov, Martingales	69
13.1 The Strong Markov Property	69
Definition 131	69
Definition 132	70
13.2 Martingale Problems	70
Definition 133	70
Proposition 134	70
Lemma 135	71
Theorem 136	71
Theorem 137	71
13.3 Exercises	71
Exercise 13.1	71
Exercise 13.2	71
Exercise 13.3	71
14 Feller Processes	72
14.1 An Example of a Markov Process Which Is Not Strongly Markovian	72
Example 138	73
14.2 Markov Families	73
Definition 139	73
Lemma 140	73
Definition 141	73
Definition 142	74
14.3 Feller Processes	74
Definition 143	74
Definition 144	74
Definition 145	74
Definition 146	75
Lemma 147	75
Definition 148	75
Definition 149	75
Lemma 150	76
Lemma 151	76
Theorem 152	76
Theorem 153	76
Theorem 154	76
Proposition 155	77
Lemma 156	77
Lemma 157	77
Theorem 158	77
Theorem 159	78
Theorem 160	79
14.4 Exercises	79
Exercise 14.1	79
Exercise 14.2	79
Exercise 14.3	79

Exercise 14.4	79
15 Convergence of Feller Processes	80
15.1 Weak Convergence of Processes with Cadlag Paths (The Skorokhod Topology)	80
Definition 161	80
Proposition 162	81
Definition 163	81
Definition 164	81
Theorem 165	81
Theorem 166	82
15.2 Convergence of Feller Processes	82
Definition 167	82
Definition 168	82
Proposition 169	82
Theorem 170	83
15.3 Approximation of Ordinary Differential Equations by Markov Processes	83
Definition 171	84
Theorem 172	85
16 Convergence of Random Walks	86
16.1 The Wiener Process is Feller	86
16.2 Convergence of Random Walks	88
Lemma 173	88
Theorem 174	89
Corollary 175	90
Corollary 176	90
16.3 Exercises	90
Exercise 16.1	90
Exercise 16.2	90
Exercise 16.3	91
Exercise 16.4	91
17 Diffusions and the Wiener Process	92
17.1 Diffusions and Stochastic Calculus	92
Definition 177	92
17.2 Once More with the Wiener Process and Its Properties	94
Proposition 178	94
Definition 179	94
Definition 180	94
Proposition 181	95
17.3 Wiener Measure; Most Continuous Curves Are Not Differentiable	95
Theorem 182	96

18 Stochastic Integrals	97
18.1 Martingale Characterization of the Wiener Process	97
Theorem 183	97
18.2 A Heuristic Introduction to Stochastic Integrals	98
18.3 Integrals with Respect to the Wiener Process	99
Definition 184	99
Definition 185	99
Definition 186	99
Definition 187	99
Definition 188	100
Lemma 189	100
Lemma 190	100
Lemma 191	101
Lemma 192	101
Lemma 193	101
Theorem 194	102
Definition 195	102
Corollary 196	102
18.4 Exercises	103
Exercise 18.1	103
Exercise 18.2	103
Exercise 18.3	103
19 SDEs	104
19.1 Some Easy Stochastic Integrals, with a Moral	104
19.1.1 $\int dW$	104
19.1.2 $\int W dW$	105
19.2 Itô's Formula	107
Definition 197	108
Lemma 198	108
Theorem 199	108
Example 200	112
Definition 201	112
Theorem 202	112
19.2.1 Stratonovich Integrals	112
19.2.2 Martingale Representation	113
Theorem 203	113
19.3 Stochastic Differential Equations	113
Definition 204	114
Lemma 205	114
Definition 206	115
Definition 207	115
Lemma 208	115
Lemma 209	115
Lemma 210	115
Definition 211	116

Lemma 212	116
Lemma 213	116
Lemma 214	117
Theorem 215	117
Theorem 216	119
19.4 Brownian Motion, the Langevin Equation, and Ornstein-Uhlenbeck Processes	119
19.5 Exercises	121
Exercise 19.1	121
Exercise 19.2	122
Exercise 19.3	122
Exercise 19.4	122
Exercise 19.5	122
20 More on SDEs	123
20.1 Solutions of SDEs are Diffusions	123
Theorem 217	123
Theorem 218	124
Corollary 219	124
Theorem 220	124
Corollary 221	125
20.2 Forward and Backward Equations	125
Example 222	127
Example 223	128
20.3 White Noise	128
Proposition 224	129
Proposition 225	129
Proposition 226	129
Proposition 227	130
Proposition 228	130
Proposition 229	130
20.4 Exercises	130
Exericse 20.1	131
21 Spectral Analysis and L_2 Ergodicity	132
21.1 Spectral Representation of Weakly Stationary Procesess	133
Definition 230	133
Proposition 231	133
Definition 232	134
Definition 233	134
Proposition 234	134
Definition 235	134
Proposition 236	134
Definition 237	135
Proposition 238	135
Definition 239	135

Theorem 240	135
Theorem 241	137
Definition 242	137
Proposition 243	137
Theorem 244	138
21.1.1 How the White Noise Lost Its Color	138
21.2 The Mean-Square Ergodic Theorem	139
21.2.1 Mean-Square Ergodicity Based on the Autocovariance	139
Definition 245	140
Theorem 246	140
Definition 247	141
Corollary 248	141
21.2.2 Mean-Square Ergodicity Based on the Spectrum	141
Lemma 249	141
Lemma 250	141
Lemma 251	141
Theorem 252	142
21.3 Exercises	142
Exercise 21.1	142
Exercise 21.2	143
Exercise 21.3	143
Exercise 21.4	143
22 Small-Noise SDEs	144
22.1 Convergence in Probability of SDEs to ODEs	145
Theorem 253	146
22.2 Rate of Convergence; Probability of Large Deviations	146
Lemma 254	147
Lemma 255	147
Theorem 256	148
23 Ergodicity	150
23.1 General Remarks	150
23.2 Dynamical Systems and Their Invariants	151
Definition 257	151
Lemma 258	152
Definition 259	152
Definition 260	152
Lemma 261	152
Lemma 262	153
Definition 263	153
Lemma 264	153
Definition 265	153
Lemma 266	153
Lemma 267	153
23.3 Time Averages and Ergodic Properties	153

Definition 268	154
Lemma 269	154
Definition 270	154
Definition 271	154
Lemma 272	155
Lemma 273	155
Lemma 274	155
Lemma 275	155
Lemma 276	155
Lemma 277	156
Lemma 278	156
Lemma 279	156
Lemma 280	156
Lemma 281	157
Corollary 282	157
23.4 Asymptotic Mean Stationarity	157
Definition 283	158
Proposition 284	158
Theorem 285	158
Theorem 286	158
Lemma 287	159
Lemma 288	159
Lemma 289	159
Corollary 290	159
Theorem 291	160
Corollary 292	160
Corollary 293	160
24 The Almost-Sure Ergodic Theorem	161
Definition 294	162
Lemma 295	162
Lemma 296	162
Lemma 297	162
Theorem 298	162
Corollary 299	165
25 Ergodicity	167
25.1 Ergodicity and Metric Transitivity	167
Definition 300	167
Definition 301	167
Proposition 302	168
Proposition 303	168
Theorem 304	168
Lemma 305	169
Theorem 306	169
25.1.1 Examples of Ergodicity	169

Example 307	169
Example 308	169
Example 309	170
Example 310	170
Example 311	170
25.1.2 Consequences of Ergodicity	171
Theorem 312	171
25.2 Preliminaries to Ergodic Decompositions	171
Proposition 313	172
Proposition 314	172
Proposition 315	172
25.3 Exercises	173
Exericse 25.1	173
Exericse 25.2	173
Exericse 25.3	173
Exericse 25.4	173
Exericse 25.5	173
26 Ergodic Decomposition	174
26.1 Construction of the Ergodic Decomposition	174
Definition 316	175
Proposition 317	175
Proposition 318	175
Proposition 319	175
Proposition 320	175
Proposition 321	175
Definition 322	176
Proposition 323	176
Definition 324	177
Proposition 325	177
Proposition 326	177
Proposition 327	177
Lemma 328	177
Lemma 329	177
Lemma 330	178
Theorem 331	178
26.2 Statistical Aspects	179
26.2.1 Ergodic Components as Minimal Sufficient Statistics	179
Definition 332	179
Lemma 333	179
Theorem 334	179
26.2.2 Testing Ergodic Hypotheses	180
Theorem 335	180
Corollary 336	181
Corollary 337	181

27 Mixing	182
27.1 Definition and Measurement of Mixing	183
Definition 338	183
Lemma 339	183
Theorem 340	183
Definition 341	183
Lemma 342	183
Theorem 343	184
27.2 Examples of Mixing Processes	185
Example 344	185
Example 345	185
Example 346	185
Example 347	185
27.3 Convergence of Distributions Under Mixing	185
Lemma 348	186
Theorem 349	186
Theorem 350	186
27.4 A Central Limit Theorem for Mixing Sequences	187
Definition 351	187
Lemma 352	187
Definition 353	188
Definition 354	188
Theorem 355	188
28 Entropy and Divergence	189
28.1 Shannon Entropy	190
Definition 356	190
Lemma 357	191
Definition 358	192
28.2 Relative Entropy or Kullback-Leibler Divergence	192
Definition 359	192
Lemma 360	192
Lemma 361	192
Definition 362	192
Lemma 363	193
Lemma 364	193
28.2.1 Statistical Aspects of Relative Entropy	193
Definition 365	193
Lemma 366	194
Lemma 367	194
Corollary 368	194
Definition 369	194
Corollary 370	195
28.3 Mutual Information	195
Definition 371	195
Proposition 372	195

Proposition 373	195
28.3.1 Mutual Information Function	195
Definition 374	196
Theorem 375	196
29 Rates and Equipartition	197
29.1 Information-Theoretic Rates	197
Definition 376	197
Definition 377	197
Lemma 378	198
Theorem 379	198
Theorem 380	198
Lemma 381	199
Example 382	199
Example 383	199
Definition 384	199
29.2 Asymptotic Equipartition	200
Definition 385	200
Lemma 386	201
Lemma 387	201
Lemma 388	201
Definition 389	202
Lemma 390	202
Lemma 391	202
Lemma 392	202
Lemma 393	202
Theorem 394	203
29.2.1 Typical Sequences	203
29.3 Asymptotic Likelihood	204
29.3.1 Asymptotic Equipartition for Divergence	204
Theorem 395	204
29.3.2 Likelihood Results	204
Theorem 396	204
29.4 Exercises	204
Exercise 29.1	205
Exercise 29.2	205
30 Large Deviations: Basics	206
30.1 Large Deviation Principles: Main Definitions and Generalities . .	206
Definition 397	206
Definition 398	206
Lemma 399	207
Lemma 400	207
Definition 401	207
Lemma 402	207
Definition 403	208

Lemma 404	208
Lemma 405	208
Definition 406	208
Lemma 407	208
Lemma 408	209
Theorem 409	209
30.2 Breeding Large Deviations	210
Theorem 410	210
Definition 411	211
Definition 412	211
Definition 413	212
Definition 414	212
Corollary 415	212
Corollary 416	213
Definition 417	213
Theorem 418	213
Theorem 419	213
Theorem 420	214
Definition 421	214
Lemma 422	214
31 IID Large Deviations	216
31.1 Cumulant Generating Functions and Relative Entropy	217
Definition 423	217
Definition 424	217
Lemma 425	218
Definition 426	218
Definition 427	218
Lemma 428	219
31.2 Large Deviations of the Empirical Mean in \mathbb{R}^d	220
Theorem 429	220
31.3 Large Deviations of the Empirical Measure in Polish Spaces	223
Proposition 430	223
Proposition 431	223
Lemma 432	223
Lemma 433	223
Theorem 434	224
31.4 Large Deviations of the Empirical Process in Polish Spaces	224
Corollary 435	225
Theorem 436	225
32 Large Deviations for Markov Sequences	226
32.1 Large Deviations for Pair Measure of Markov Sequences	226
Theorem 437	227
Corollary 438	229
Corollary 439	229

CONTENTS

xvi

Corollary 440	229
Corollary 441	230
32.2 Higher LDPs for Markov Sequences	230
Theorem 442	230
Theorem 443	230
Bibliography	230