

SAS/STAT[®] 12.3 User's Guide

The SIMNORMAL

Procedure

(Chapter)

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Chapter 86

The SIMNORMAL Procedure

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Overview: SIMNORMAL Procedure

The SIMNORMAL procedure can perform conditional and unconditional simulation for a set of correlated normal or Gaussian random variables.

The means, variances, and covariances (or correlations) are read from an input TYPE=CORR or TYPE=COV data set. This data set is typically produced by the CORR procedure. Conditional simulations are performed by appending a special observation, identified by the value of 'COND' for the _TYPE_ variable, which contains the conditioning value.

The output data set from PROC SIMNORMAL contains simulated values for each of the analysis variables. Optionally, the output data set also contains the seed stream and the values of the conditioning variables. PROC SIMNORMAL produces no printed output.

Getting Started: SIMNORMAL Procedure

The following example illustrates the use of PROC SIMNORMAL to generate variable values conditioned on a set of related or correlated variables.

Suppose you are given a sample of size 50 from ten normally distributed, correlated random variables, $IN_{1,i}, \dots, IN_{5,i}, OUT_{1,i}, \dots, OUT_{5,i}, i = 1, \dots, 50$. The first five variables represent input variables for a chemical manufacturing process, and the last five are output variables.

First, the data are input and the correlation structure is determined by using PROC CORR, as in the following statements. The results are shown in Figure 86.1.

```
data a ;
  input in1-in5 out1-out5 ;
  datalines ;
  9.3500    10.0964    7.3177    10.3617    10.3444    9.4612
  10.7443    9.9026    9.0144    11.7968
  7.8599    10.4560    10.0075    8.5875    10.0014    10.3869

  ... more lines ...

  8.9174    9.9623    9.5742    9.9713
run ;

proc corr data=a cov nocorr outp=outcov ;
  var in1-in5 out1-out5 ;
run ;
```

Figure 86.1 Correlation of Chemical Process Variables

The CORR Procedure							
10 Variables:	in1	in2	in3	in4	in5	out1	out2
	out3	out4	out5				

Figure 86.1 continued

Covariance Matrix, DF = 49						
	in1	in2	in3	in4	in5	
in1	1.019198331	0.128086799	0.291646382	0.327014916	0.417546732	
in2	0.128086799	1.056460818	0.143581799	0.095937707	0.104117743	
in3	0.291646382	0.143581799	1.384051249	0.058853960	0.326107730	
in4	0.327014916	0.095937707	0.058853960	1.023128678	0.347916864	
in5	0.417546732	0.104117743	0.326107730	0.347916864	1.606858140	
out1	0.097650713	0.056612934	0.093498839	0.022915645	0.360270318	
out2	0.206698403	-0.121700731	0.078294087	0.125961491	0.297046593	
out3	0.516271121	0.266581451	0.481576554	0.179627237	0.749212945	
out4	0.118726106	0.092288067	0.057816322	0.075028230	0.220196337	
out5	0.261770905	-0.020971411	0.259053423	0.078147576	0.349618466	
Covariance Matrix, DF = 49						
	out1	out2	out3	out4	out5	
in1	0.097650713	0.206698403	0.516271121	0.118726106	0.261770905	
in2	0.056612934	-0.121700731	0.266581451	0.092288067	-0.020971411	
in3	0.093498839	0.078294087	0.481576554	0.057816322	0.259053423	
in4	0.022915645	0.125961491	0.179627237	0.075028230	0.078147576	
in5	0.360270318	0.297046593	0.749212945	0.220196337	0.349618466	
out1	0.807007554	0.217285879	0.064816340	-0.053931448	0.037758721	
out2	0.217285879	0.929455806	0.206825664	0.138551008	0.054039499	
out3	0.064816340	0.206825664	1.837505268	0.292963975	0.165910481	
out4	-0.053931448	0.138551008	0.292963975	0.832831377	-0.067396486	
out5	0.037758721	0.054039499	0.165910481	-0.067396486	0.697717191	
Simple Statistics						
Variable	N	Mean	Std Dev	Sum	Minimum	Maximum
in1	50	10.18988	1.00955	509.49400	7.63500	12.58860
in2	50	10.10673	1.02784	505.33640	8.12580	13.78310
in3	50	10.14888	1.17646	507.44420	7.31770	12.40080
in4	50	10.03884	1.01150	501.94200	7.40490	11.99060
in5	50	10.22587	1.26762	511.29340	7.23350	12.93360
out1	50	9.85347	0.89834	492.67340	8.01220	12.24660
out2	50	9.96857	0.96408	498.42840	7.76420	12.09450
out3	50	10.29588	1.35555	514.79410	7.29660	13.74200
out4	50	10.15856	0.91260	507.92780	8.43090	12.45230
out5	50	10.26023	0.83529	513.01130	7.86060	11.96000

After the mean and correlation structure are determined, any subset of these variables can be simulated. Suppose you are interested in a particular function of the output variables for two sets of values of the input variables for the process. In particular, you are interested in the mean and variability of the following function over 500 runs of the process conditioned on each set of input values:

$$f(out_1, \dots, out_5) = \frac{out_1 - out_3}{out_1 + out_2 + out_3 + out_4 + out_5}$$

Although the distribution of these quantities could be determined theoretically, it is simpler to perform a conditional simulation by using PROC SIMNORMAL.

To do this, you first append a `_TYPE_='COND'` observation to the covariance data set produced by PROC CORR for each group of input values:

```
data cond1 ;
  _TYPE_='COND' ;
  in1 = 8 ;
  in2 = 10.5 ;
  in3 = 12 ;
  in4 = 13.5 ;
  in5 = 14.4 ;
  output ;
run ;

data cond2 ;
  _TYPE_='COND' ;
  in1 = 15.4 ;
  in2 = 13.7 ;
  in3 = 11 ;
  in4 = 7.9 ;
  in5 = 5.5 ;
  output ;
run ;
```

Next, each of these conditioning observations is appended to a copy of the `OUTP=OUTCOV` data from the CORR procedure, as in the following statements. A new variable, `INPUT`, is added to distinguish the sets of input values. This variable is used as a `BY` variable in subsequent steps.

```
data outcov1 ;
  input=1 ;
  set outcov cond1 ;
run ;

data outcov2 ;
  input=2 ;
  set outcov cond2 ;
run ;
```

Finally, these two data sets are concatenated:

```
data outcov ;
  set outcov1 outcov2 ;
run ;
proc print data=outcov ;
  where (_type_ ne 'COV') ;
run ;
```

Figure 86.2 shows the added observations.

Figure 86.2 OUTP= Data Set from PROC CORR with _TYPE_=COND Observations Appended

Obs	input	_TYPE_	_NAME_	in1	in2	in3	in4
11	1	MEAN		10.1899	10.1067	10.1489	10.0388
12	1	STD		1.0096	1.0278	1.1765	1.0115
13	1	N		50.0000	50.0000	50.0000	50.0000
14	1	COND		8.0000	10.5000	12.0000	13.5000
25	2	MEAN		10.1899	10.1067	10.1489	10.0388
26	2	STD		1.0096	1.0278	1.1765	1.0115
27	2	N		50.0000	50.0000	50.0000	50.0000
28	2	COND		15.4000	13.7000	11.0000	7.9000
Obs	in5	out1	out2	out3	out4	out5	
11	10.2259	9.8535	9.9686	10.2959	10.1586	10.2602	
12	1.2676	0.8983	0.9641	1.3555	0.9126	0.8353	
13	50.0000	50.0000	50.0000	50.0000	50.0000	50.0000	
14	14.4000	.	.	.	.	.
25	10.2259	9.8535	9.9686	10.2959	10.1586	10.2602	
26	1.2676	0.8983	0.9641	1.3555	0.9126	0.8353	
27	50.0000	50.0000	50.0000	50.0000	50.0000	50.0000	
28	5.5000	.	.	.	.	.

You now run PROC SIMNORMAL, specifying the input data set and the VAR and COND variables. Note that you must specify a TYPE=COV or TYPE=CORR for the input data set. PROC CORR automatically assigns a TYPE=COV or TYPE=CORR attribute for the OUTP= data set. However, since the intermediate DATA steps that appended the _TYPE_='COND' observations turned off this attribute, an explicit TYPE=CORR in the DATA= option in the PROC SIMNORMAL statement is needed.

The specification of PROC SIMNORMAL now follows from the problem description. The condition variables are IN1–IN5, the analysis variables are OUT1–OUT5, and 500 realizations are required. A seed value can be chosen arbitrarily, or the system clock can be used. Note that in the following statements, the simulation is done for each of the values of the BY variable INPUT:

```
proc simnormal data=outcov(type=cov)
    out = osim
    numreal = 500
    seed = 33179
    ;
    by input ;
    var out1-out5 ;
    cond in1-in5 ;
run;

data b;
    set osim ;
    denom = sum(of out1-out5) ;
    if abs(denom) < 1e-8 then ff = . ;
    else ff = (out1-out3)/denom ;
run ;
```

The DATA step that follows the simulation computes the function $f(out_1, \dots, out_5)$; in the following statements the UNIVARIATE procedure computes the simple statistics for this function for each set of conditioning input values. This is shown in Figure 86.3, and Figure 86.4 shows the distribution of the function values for each set of input values by using the SGPanel procedure.

```
proc univariate data=b ;
    by input ;
    var ff ;
run ;
title ;
proc sgpanel data=b ;
    panelby input ;
    REFLINE 0 / axis= x ;
    density ff ;
run ;
```

Figure 86.3 Simple Statistics for ff for Each Set of Input Values

----- input=1 -----			
The UNIVARIATE Procedure			
Variable: ff			
Moments			
N	500	Sum Weights	500
Mean	-0.0134833	Sum Observations	-6.7416303
Std Deviation	0.02830426	Variance	0.00080113
Skewness	0.56773239	Kurtosis	1.31522925
Uncorrected SS	0.49066351	Corrected SS	0.39976435
Coeff Variation	-209.92145	Std Error Mean	0.0012658
----- input=1 -----			
Basic Statistical Measures			
Location		Variability	
Mean	-0.01348	Std Deviation	0.02830
Median	-0.01565	Variance	0.0008011
Mode	.	Range	0.21127
		Interquartile Range	0.03618
----- input=1 -----			
Tests for Location: Mu0=0			
Test	-Statistic-	-----p Value-----	
Student's t	t -10.6519	Pr > |t|	<.0001
Sign	M -106	Pr >= |M|	<.0001
Signed Rank	S -33682	Pr >= |S|	<.0001

Figure 86.3 continued

```
----- input=1 -----

Quantiles (Definition 5)

Quantile      Estimate
100% Max      0.11268600
99%           0.07245656
95%           0.03270269
90%           0.02064338
75% Q3        0.00370322
50% Median    -0.01564850
25% Q1        -0.03247389
10%           -0.04716239
5%            -0.05572806
1%            -0.07201126
0% Min        -0.09858350

----- input=1 -----

Extreme Observations

-----Lowest-----      -----Highest-----
Value      Obs      Value      Obs
-0.0985835    471      0.0750538     22
-0.0908179    472      0.0794747    245
-0.0802423     90      0.0840160     48
-0.0760645    249      0.1004812    222
-0.0756070    226      0.1126860     50

----- input=2 -----

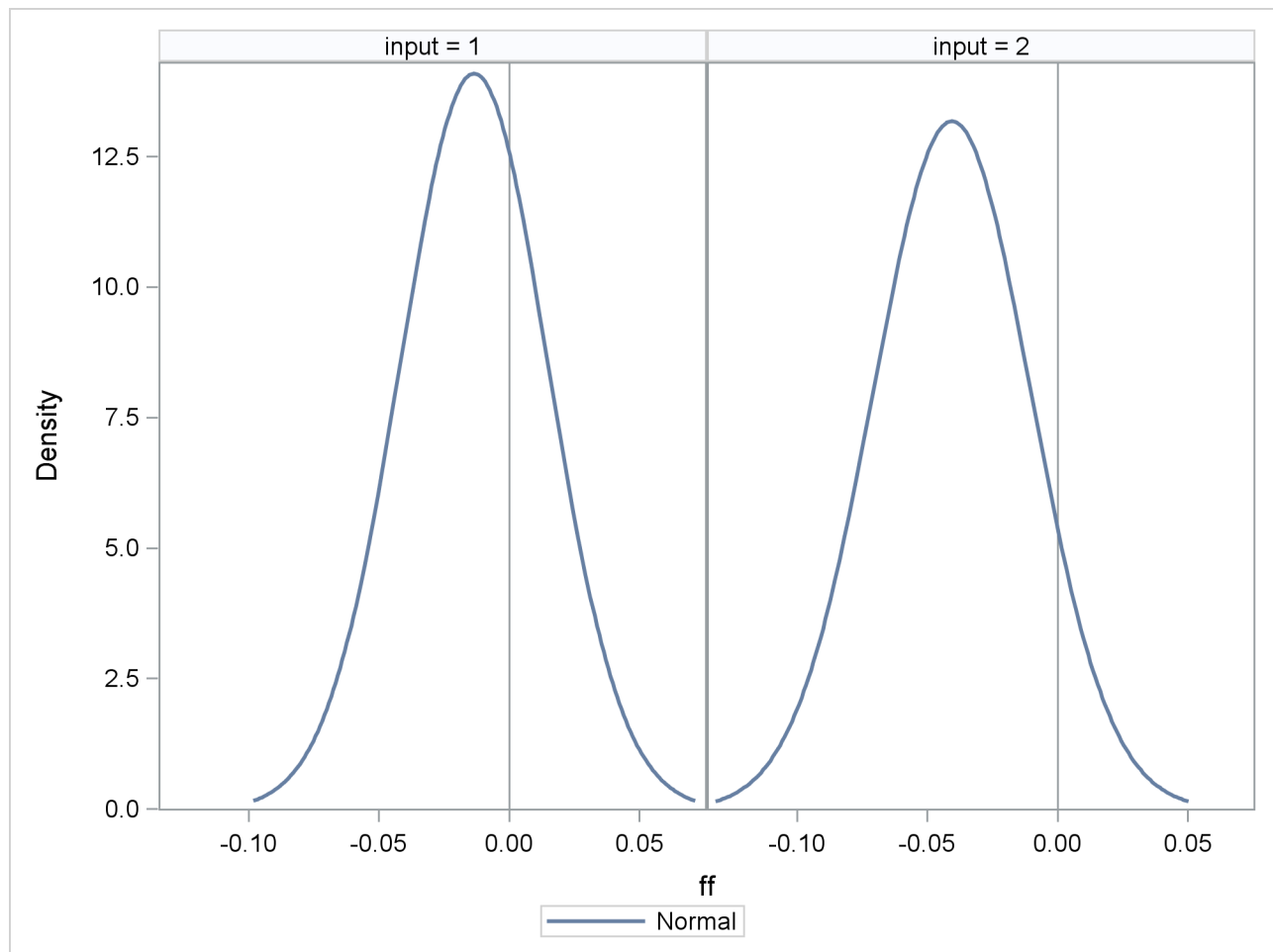
The UNIVARIATE Procedure
Variable:  ff

Moments

N              500      Sum Weights              500
Mean          -0.0405913  Sum Observations      -20.295631
Std Deviation  0.03027008  Variance              0.00091628
Skewness       0.1033062  Kurtosis             -0.1458848
Uncorrected SS 1.28104777  Corrected SS          0.4572225
Coeff Variation -74.57289  Std Error Mean        0.00135372
```

Figure 86.3 continued

----- input=2 -----				
Basic Statistical Measures				
Location		Variability		
Mean	-0.04059	Std Deviation	0.03027	
Median	-0.04169	Variance	0.0009163	
Mode	.	Range	0.18332	
		Interquartile Range	0.04339	
----- input=2 -----				
Tests for Location: Mu0=0				
Test	-Statistic-		-----p Value-----	
Student's t	t	-29.985	Pr > |t|	<.0001
Sign	M	-203	Pr >= |M|	<.0001
Signed Rank	S	-58745	Pr >= |S|	<.0001
----- input=2 -----				
Quantiles (Definition 5)				
Quantile		Estimate		
100% Max		0.06101208		
99%		0.02693796		
95%		0.01008202		
90%		-0.00111776		
75% Q3		-0.01847726		
50% Median		-0.04169199		
25% Q1		-0.06187039		
10%		-0.07798499		
5%		-0.08606522		
1%		-0.11026564		
0% Min		-0.12231183		
----- input=2 -----				
Extreme Observations				
-----Lowest-----		-----Highest-----		
Value	Obs	Value	Obs	
-0.122312	937	0.0272906	688	
-0.119884	980	0.0291769	652	
-0.113512	920	0.0388217	670	
-0.112345	523	0.0477261	845	
-0.110497	897	0.0610121	632	

Figure 86.4 Frequency Plot for ff for Each Set of Input Values

Syntax: SIMNORMAL Procedure

The following statements are available in the SIMNORMAL procedure:

```
PROC SIMNORMAL DATA=SAS-data-set < options > ;
    VAR variables ;
    BY variables ;
    CONDITION variables ;
```

Both the PROC SIMNORMAL and VAR statements are required. The following statements can be used with the SIMNORMAL procedure:

PROC SIMNORMAL Statement

```
PROC SIMNORMAL DATA=SAS-data-set < options > ;
```

The PROC SIMNORMAL statement invokes the SIMNORMAL procedure. Table 86.1 summarizes the options available in the PROC SIMNORMAL statement.

Table 86.1 Summary of PROC SIMNORMAL Statement Options

Option	Description
Specify Input and Output Data Sets	
DATA=	Specifies input data set (TYPE=CORR, COV, and so on)
OUT=	Creates output data set that contains simulated values
Seed Values	
SEED=	Specifies seed value (integer)
SEEDBY	Requests reinitialization of seed for each BY group
Control Contents of OUT= Data Set	
OUTSEED	Requests seed values written to OUT= data set
OUTCOND	Requests conditioning variable values written to OUT= data set
Control Number of Simulated Values	
NUMREAL=	Specifies the number of realizations for each BY group written to the OUT= data set
Singularity Criteria	
SINGULAR1=	Sets the singularity criterion for Cholesky decomposition
SINGULAR2=	Sets the singularity criterion for covariance matrix sweeping

The following options can be used with the PROC SIMNORMAL statement.

DATA=SAS-data-set

specifies the input data set that must be a specially structured TYPE=CORR, COV, UCORR, UCOV, or SSCP SAS data set. If the DATA= option is omitted, the most recently created SAS data set is used.

SEED=seed-value

specifies the seed to use for the random number generator. If the SEED= value is omitted, the system clock is used. If the system clock is used, a note is written to the log; the note gives the seed value based on the system clock. In addition, the random seed stream is copied to the OUT= data set if the OUTSEED option is specified.

SEEDBY

specifies that the seed stream be reinitialized for each BY group. By default, a single random stream is used over all BY groups. If you specify SEEDBY, the random stream starts again at the initial seed value. This initial value is from the SEED= value that you specify. If you do not specify a SEED=value, the system clock generates this initial seed.

For example, suppose you had a TYPE=CORR data set with BY groups, and the mean, variances, and covariance or correlation values were identical for each BY group. Then if you specified SEEDBY, the simulated values in each BY group in the OUT= data set would be identical.

OUT=SAS-data-set

specifies a SAS data set in which to store the simulated values for the VAR variables. If you omit the OUT=option, the output data set is created and given a default name by using the DATA n convention.

See the section “[OUT= Output Data Set](#)” on page 7446 for details.

NUMREAL= n

specifies the number of realizations to generate. A value of NUMREAL=500 generates 500 observations in the OUT=dataset, or 500 observations within each BY group if a BY statement is given.

NUMREAL can be abbreviated as NUMR or NR.

OUTSEED

requests that the seed values be included in the OUT= data set. The variable Seed is added to the OUT= data set. The first value of Seed is the SEED= value specified in the PROC SIMNORMAL statement (or obtained from the system clock); subsequent values are produced by the random number generator.

OUTCOND

requests that the values of the conditioning variables be included in the OUT= data set. These values are constant for the data set or within a BY group. Note that specifying OUTCOND can greatly increase the size of the OUT= data set. This increase depends on the number of conditioning variables.

SINGULAR1=number

specifies the first singularity criterion, which is applied to the Cholesky decomposition of the covariance matrix. The SINGULAR1= value must be in the range (0, 1). The default value is 10^{-8} . SINGULAR1 can be abbreviated SING1.

SINGULAR2=number

specifies the second singularity criterion, which is applied to the sweeping of the covariance or correlation matrix to obtain the conditional covariance. The SINGULAR2=option is applicable only when a CONDITION statement is given. The SINGULAR2= value must be in the range (0, 1). The default value is 10^{-8} . SINGULAR2 can be abbreviated SING2.

BY Statement

BY *variables* ;

A BY statement can be used with the SIMNORMAL procedure to obtain separate simulations for each covariance structure defined by the BY variables. When a BY statement appears, the procedure expects the input DATA= data set to be sorted in the order of the BY variables. If a CONDITION statement is used along with a BY statement, there must be a _TYPE_='COND' observation within each BY group. Note that if a BY statement is specified, the number of realizations specified by the NUMREAL= option are produced for each BY group.

CONDITION Statement

CONDITION | **COND** *variables* ;

A **CONDITION** statement specifies the conditioning variables. The presence of a **CONDITION** statement requests that a conditional simulation be performed.

The lack of a **CONDITIONAL** statement simply means that an unconditional simulation for the **VAR** variables is to be performed.

If a **CONDITION** statement is given, the variables listed must be numeric variables in the **DATA=** data set. This requires a conditioning value for each of the **CONDITION** variables. This value is supplied by adding a **_TYPE_='COND'** observation for each **CONDITION** variable. Such observations are added to the **DATA=** data set by a **DATA** step.

Note that a data set created by the **CORR** procedure is automatically given the **TYPE=COV**, **UCOV**, **CORR**, or **UCORR** attribute, so you do not have to specify the **TYPE=** option in the **DATA=** option in the **PROC SIMNORMAL** statement. However, when adding the conditioning values by using a **DATA** step with a **SET** statement, you must use the **TYPE=COV**, **UCOV**, **CORR**, or **UCORR** attribute in the new data set. See the section “[Getting Started: SIMNORMAL Procedure](#)” on page 7435 for an example in which the **TYPE** is set.

VAR Statement

VAR *variables* ;

Use the **VAR** statement to specify the analysis variables. Only numeric variables can be specified. If a **VAR** statement is not given, all numeric variables in the **DATA=** data set that are not in the **CONDITION** or **BY** statement are used.

OUT= Output Data Set

The **SIMNORMAL** procedure produces a single output data set: the **OUT=SAS-data-set**.

The **OUT=** data set contains the following variables:

- all variables listed in the **VAR** statement
- all variables listed in the **BY** statement, if one is given
- **Rnum**, which is the realization number within the current **BY** group
- **Seed**, which is current seed value, if the **OUTSEED** option is specified
- all variables listed in the **CONDITION** statement, if a **CONDITION** statement is given and the **OUTCOND** option is specified

The number of observations is determined by the value of the **NUMREAL=** option. If there are no **BY** groups, the number of observations in the **OUT=** data set is equal to the value of the **NUMREAL=** option. If there are **BY** groups, there are number of observations equals the value of the **NUMREAL=** option for each **BY** group.

Computational Details: SIMNORMAL Procedure

Introduction

There are a number of approaches to simulating a set of dependent random variables. In the context of spatial random fields, these include sequential indicator methods, turning bands, and the Karhunen-Loeve expansion. See Christakos (1992, Chapter 8) and Deutsch and Journel (1992, Chapter 5) for details.

In addition, there is the LU decomposition method, a particularly simple and computationally efficient for normal or Gaussian variates. For a given covariance matrix, the $\mathbf{LU} = \mathbf{LL}'$ decomposition is computed once, and the simulation proceeds by repeatedly generating a vector of independent $N(0, 1)$ random variables and multiplying by the \mathbf{L} matrix.

One problem with this technique is that memory is required to hold the covariance matrix of all the analysis and conditioning variables in core.

Unconditional Simulation

It is a simple matter to produce an $N(0, 1)$ random number, and by stacking k such numbers in a column vector you obtain a vector with independent standard normal components $\mathbf{W} \sim N_k(\mathbf{0}, \mathbf{I})$. The meaning of the terms *independence* and *randomness* in the context of a deterministic algorithm required for the generation of these numbers is somewhat subtle; see Knuth (1973, Vol. 2, Chapter 3) for a discussion of these issues.

Rather than $\mathbf{W} \sim N_k(\mathbf{0}, \mathbf{I})$, what is required is the generation of a vector $\mathbf{Z} \sim N_k(\mathbf{0}, \mathbf{V})$ —that is,

$$\mathbf{Z} = \begin{bmatrix} Z_1 \\ Z_2 \\ \vdots \\ Z_k \end{bmatrix}$$

with covariance matrix

$$\mathbf{V} = \begin{pmatrix} \sigma_{11} & \sigma_{12} & \cdots & \sigma_{1k} \\ \sigma_{21} & \sigma_{22} & \cdots & \sigma_{2k} \\ & \ddots & & \\ \sigma_{k1} & \sigma_{k2} & \cdots & \sigma_{kk} \end{pmatrix}$$

where

$$\sigma_{ij} = \text{Cov}(Z_i, Z_j)$$

If the covariance matrix is symmetric and positive definite, it has a Cholesky root \mathbf{L} such that \mathbf{V} can be factored as

$$\mathbf{V} = \mathbf{L}\mathbf{L}'$$

where \mathbf{L} is lower triangular. See Ralston and Rabinowitz (1978, Chapter 9, Section 3-3) for details. This vector \mathbf{Z} can be generated by the transformation $\mathbf{Z} = \mathbf{L}\mathbf{W}$. Note that this is where the assumption of multivariate normality is crucial. If $\mathbf{W} \sim N_k(\mathbf{0}, \mathbf{I}_k)$, then $\mathbf{Z} = \mathbf{L}\mathbf{W}$ is also normal or Gaussian. The mean of \mathbf{Z} is

$$\mathbf{E}(\mathbf{Z}) = \mathbf{L}(\mathbf{E}(\mathbf{W})) = \mathbf{0}$$

and the variance is

$$\text{Var}(\mathbf{Z}) = \text{Var}(\mathbf{L}\mathbf{W}) = \mathbf{E}(\mathbf{L}\mathbf{W}\mathbf{W}'\mathbf{L}') = \mathbf{L} \mathbf{E}(\mathbf{W}\mathbf{W}') \mathbf{L}' = \mathbf{L}\mathbf{L}' = \mathbf{V}$$

Finally, let $Y_k = Z_k + \mu_k$; that is, you add a mean term to each variable Z_k . The covariance structure of the Y_k 's remains the same. Unconditional simulation is done by simply repeatedly generating k $N(0, 1)$ random numbers, stacking them, and performing the transformation

$$\mathbf{W} \mapsto \mathbf{Z} = \mathbf{L}\mathbf{W} \mapsto \mathbf{Y} = \mathbf{Z} + \boldsymbol{\mu}$$

Conditional Simulation

For a conditional simulation, this distribution of

$$\mathbf{Y} = \begin{bmatrix} Y_1 \\ Y_2 \\ \vdots \\ Y_k \end{bmatrix}$$

must be conditioned on the values of the CONDITION variables. The relevant general result concerning conditional distributions of multivariate normal random variables is the following. Let $\mathbf{X} \sim N_m(\boldsymbol{\mu}, \boldsymbol{\Sigma})$, where

$$\mathbf{X} = \begin{bmatrix} \mathbf{X}_1 \\ \mathbf{X}_2 \end{bmatrix}$$

$$\boldsymbol{\mu} = \begin{bmatrix} \mu_1 \\ \mu_2 \end{bmatrix}$$

$$\boldsymbol{\Sigma} = \begin{pmatrix} \boldsymbol{\Sigma}_{11} & \boldsymbol{\Sigma}_{12} \\ \boldsymbol{\Sigma}_{21} & \boldsymbol{\Sigma}_{22} \end{pmatrix}$$

and where bX_1 is $k \times 1$, X_2 is $n \times 1$, Σ_{11} is $k \times k$, Σ_{22} is $n \times n$, and $\Sigma_{12} = \Sigma'_{21}$ is $k \times n$, with $k + n = m$. The full vector \mathbf{X} has simply been partitioned into two subvectors, \mathbf{X}_1 and \mathbf{X}_2 , and Σ has been similarly partitioned into covariances and cross covariances.

With this notation, the distribution of \mathbf{X}_1 conditioned on $\mathbf{X}_2 = x_2$ is $N_k(\tilde{\mu}, \tilde{\Sigma})$, with

$$\tilde{\mu} = \mu_1 + \Sigma_{12}\Sigma_{22}^{-1}(x_2 - \mu_2)$$

and

$$\tilde{\Sigma} = \Sigma_{11} - \Sigma_{12}\Sigma_{22}^{-1}\Sigma_{21}$$

See Searle (1971, pp. 46–47) for details.

Using the SIMNORMAL procedure corresponds with the conditional simulation as follows. Let Y_1, \dots, Y_k be the VAR variables as before (k is the number of variables in the VAR list). Let the mean vector for \mathbf{Y} be denoted by $\mu_1 = E(\mathbf{Y})$. Let the CONDITION variables be denoted by C_1, \dots, C_n (where n is the number of variables in the COND list). Let the mean vector for \mathbf{C} be denoted by $\mu_2 = E(\mathbf{C})$ and the conditioning values be denoted by

$$\mathbf{c} = \begin{bmatrix} c_1 \\ c_2 \\ \vdots \\ c_n \end{bmatrix}$$

Then stacking

$$\mathbf{X} = \begin{bmatrix} \mathbf{Y} \\ \mathbf{C} \end{bmatrix}$$

the variance of \mathbf{X} is

$$\mathbf{V} = \text{Var}(\mathbf{X}) = \Sigma = \begin{pmatrix} \mathbf{V}_{11} & \mathbf{V}_{12} \\ \mathbf{V}_{21} & \mathbf{V}_{22} \end{pmatrix}$$

where $\mathbf{V}_{11} = \text{Var}(\mathbf{Y})$, $\mathbf{V}_{12} = \text{Cov}(\mathbf{Y}, \mathbf{C})$, and $\mathbf{V}_{22} = \text{Var}(\mathbf{C})$. By using the preceding general result, the relevant covariance matrix is

$$\tilde{\mathbf{V}} = \mathbf{V}_{11} - \mathbf{V}_{12}\mathbf{V}_{22}^{-1}\mathbf{V}_{21}$$

and the mean is

$$\tilde{\mu} = \mu_1 + \mathbf{V}_{12}\mathbf{V}_{22}^{-1}(\mathbf{c} - \mu_2)$$

By using $\tilde{\mathbf{V}}$ and $\tilde{\mu}$, simulating $(\mathbf{Y}|\mathbf{C} = \mathbf{c}) \sim N_k(\tilde{\mu}, \tilde{\mathbf{V}})$ now proceeds as in the unconditional case.

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