

Package ‘l1rotation’

May 20, 2025

Title Identify Loading Vectors under Sparsity in Factor Models

Version 1.0.1

Description Simplify the loading matrix in factor models using the l1 criterion as proposed in Freyaldenhoven (2025) <[doi:10.21799/frbp.wp.2020.25](https://doi.org/10.21799/frbp.wp.2020.25)>. Given a data matrix, find the rotation of the loading matrix with the smallest l1-norm and/or test for the presence of local factors with main function `local_factors()`.

License MIT + file LICENSE

Depends R (>= 3.5)

Imports cli, doParallel, dplyr, foreach, ggplot2, magrittr,
matrixStats, pracma, scales, stats

Suggests knitr, quarto, rmarkdown, testthat (>= 3.0.0)

Config/testthat/edition 3

Encoding UTF-8

LazyData true

RoxygenNote 7.3.2

URL <https://kobleary.github.io/l1rotation/>,
<https://github.com/SimonFreyaldenhoven/l1rotation>

BugReports <https://github.com/SimonFreyaldenhoven/l1rotation/issues>

VignetteBuilder knitr

Config/Needs/website quarto, rmarkdown

NeedsCompilation no

Author Simon Freyaldenhoven [aut, cph],
Ryan Kobler [aut, cre]

Maintainer Ryan Kobler <kobleary@gmail.com>

Repository CRAN

Date/Publication 2025-05-20 08:40:02 UTC

Contents

example_data	2
find_local_factors	2
local_factors	3
test_local_factors	5

Index	6
-------	---

example_data	<i>Example data with two factors from the replication files of Freyaldenhoven (2025).</i>
--------------	---

Description

Example data with two factors from the replication files of Freyaldenhoven (2025).

Usage

example_data

Format

example_data:
A matrix with 224 rows and 207 columns.

Source

Dataset available as a .mat file can be found under local_factors.zip at <https://simonfreyaldenhoven.github.io/software/>

find_local_factors	<i>Find the rotation of the loading matrix with the smallest l1-norm, as in local_factors(), with additional flexibility.</i>
--------------------	---

Description

Find the most sparse rotation of an orthonormal basis of the loading space of a t by n matrix X. Additional flexibility with the initial_loadings argument allows the user to specify any orthonormal basis rather than defaulting to PCA.

Usage

find_local_factors(X, r, initial_loadings, parallel = FALSE, n_cores = NULL)

Arguments

<code>X</code>	A (usually standardized) t by n matrix of observations.
<code>r</code>	An integer denoting the number of factors in X.
<code>initial_loadings</code>	Matrix that represents an orthonormal basis of the loading space. If not supplied, PCA is used by default in this function and also in <code>local_factors</code> .
<code>parallel</code>	A logical denoting whether the algorithm should be run in parallel.
<code>n_cores</code>	An integer denoting how many cores should be used, if <code>parallel == TRUE</code> .

Value

Returns a list with the following components:

- `initial_loadings` Principal Component estimate of the loading matrix (if not supplied).
- `rotated_loadings` Matrix that is the rotation of the loading matrix that produces the smallest l1-norm.
- `rotation_diagnostics` A list containing 3 components:
 - `R` Rotation matrix that when used to rotate `initial_loadings` produces the smallest l1-norm.
 - `l1_norm` Vector of length r containing the value of the l1 norm each solution generates.
 - `sol_frequency` Vector of length r containing the frequency in the initial grid of each solution.

Examples

```
# Minimal example with 2 factors, where X is a 224 by 207 matrix
r <- 2
M <- nrow(example_data)
n <- ncol(example_data)

# Compute PCA estimates
basis <- svd(example_data / sqrt(M), nu = M, nv = n)
initial_loadings <- sqrt(n) * basis$v[, 1:r]

# Find minimum rotation using orthonormal basis initial_loadings
rotation_result <- find_local_factors(X = example_data, r = r, initial_loadings = initial_loadings)
```

<code>local_factors</code>	<i>Check whether local factors are present and find the rotation of the loading matrix with the smallest l1-norm.</i>
----------------------------	---

Description

`local_factors` tests whether local factors are present and returns both the Principal Component estimate of the loadings and the rotation of the loadings with the smallest l1-norm. It also produces graphical illustrations of the results.

Usage

```
local_factors(X, r, parallel = FALSE, n_cores = NULL)
```

Arguments

<code>X</code>	A (usually standardized) t by n matrix of observations.
<code>r</code>	An integer denoting the number of factors in X .
<code>parallel</code>	A logical denoting whether the algorithm should be run in parallel.
<code>n_cores</code>	An integer denoting how many cores should be used, if <code>parallel == TRUE</code> .

Value

Returns a list with the following components:

- `has_local_factors` A logical equal to `TRUE` if local factors are present.
- `initial_loadings` Principal component estimate of the loading matrix.
- `rotated_loadings` Matrix that is the rotation of the loading matrix that produces the smallest l1-norm.
- `rotation_diagnostics` A list containing 3 components:
 - `R` Rotation matrix that when used to rotate `initial_loadings` produces the smallest l1-norm.
 - `l1_norm` Vector of length `r` containing the value of the l1 norm each solution generates.
 - `sol_frequency` Vector of length `r` containing the frequency in the initial grid of each solution.
- `pc_plot` Tile plot of the Principal Component estimate of the loading matrix.
- `rotated_plot` Tile plot of the l1-rotation of the loading matrix estimate.
- `small_loadings_plot` Plot of the number of small loadings for each column of the l1-rotation of the loading matrix estimate.

Examples

```
# Minimal example with 2 factors, where X is a 224 by 207 matrix
lf <- local_factors(X = example_data, r = 2)

# Visualize Principal Component estimate of the loadings
lf$pc_plot

# Visualize l1-rotation loadings
lf$pc_rotated_plot
```

test_local_factors	<i>Test for the presence of local factors, as in <code>local_factors()</code>, with additional flexibility.</i>
--------------------	---

Description

Test for the presence of local factors, as in `local_factors()`, with additional flexibility.

Usage

```
test_local_factors(X, r, loadings = NULL)
```

Arguments

X	A (usually standardized) t by n matrix of observations.
r	An integer denoting the number of factors in X.
loadings	(optional) Matrix that represents a sparse basis of the loading space.

Value

Returns a list with the following components:

- `has_local_factors` Logical equal to TRUE if local factors are present.
- `n_small` Integer denoting the number of small loadings in sparse rotation.
- `gamma_n` Integer denoting the critical value to compare `n_small` to.
- `h_n` Number denoting the cutoff used to determine which loadings are small.
- `loadings` Matrix that is the rotation of the loadings that produces the smallest l1-norm (if not supplied).

Examples

```
# Minimal example with 2 factors, where X is a 224 by 207 matrix
r <- 2
M <- nrow(example_data)
n <- ncol(example_data)

# Find minimum rotation
rotation_result <- find_local_factors(X = example_data, r)

# Test if sparse basis has local factors
test_result <- test_local_factors(
  X = example_data,
  r = r,
  loadings = rotation_result$rotated_loadings
)

test_result$has_local_factors
```

Index

* **datasets**

example_data, [2](#)

example_data, [2](#)

find_local_factors, [2](#)

local_factors, [3](#)

local_factors(), [2](#), [5](#)

test_local_factors, [5](#)