University of Exeter

Predictive Modelling

Week 05-BEM2031

Term2: 2023/24

Today:

- What is random?
- What is predictive modelling?
- Making a ML model work: a step-by-step approach
- Supervised learning
  - Regression
  - Classification

Types of Analytics:

- Descriptive Analytics: WHAT happened (or is happening)?
- Diagnostic Analytics: WHY did it happen?
- Predictive Analytics: WHAT is likely to happen in the future?
- Prescriptive Analytics: WHAT can we do about it?

What do we mean by random?

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[List of solar eclipses in the 21st century - Wikipedia]

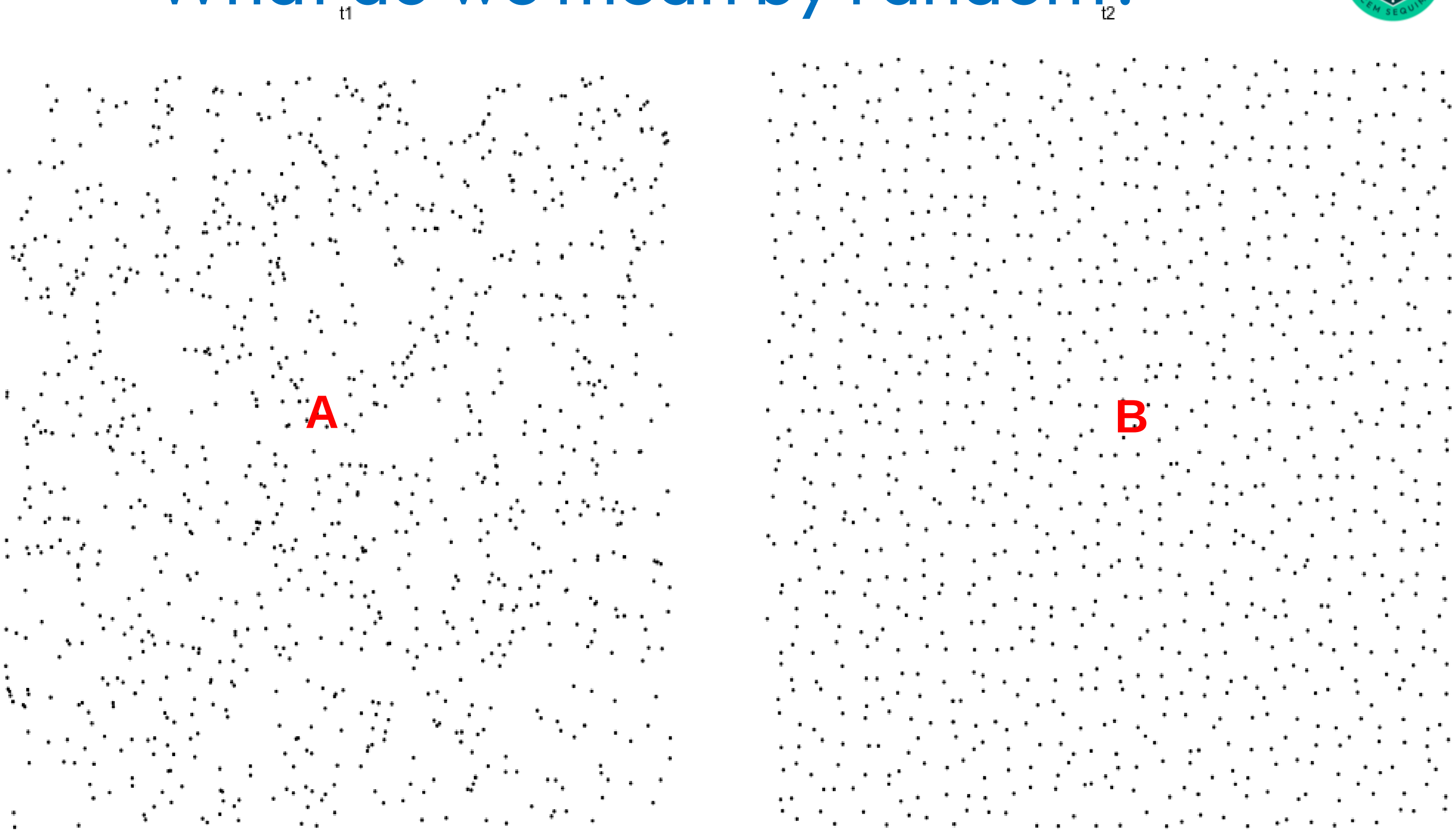
Date	Time	Saros	Type	Magnitude	Duration	Location	Path width		Geography
April 8, 2024	18:18:29	139	Total	1.057	4:28	25.3°N 104.1°W	198	123	**Total:** Mexico, central and northeastern United States, East Canada **Partial:** North America, Central

What do we mean by random?

Random in the context of prediction models means that some aspect of the model is determined by chance rather than by design.

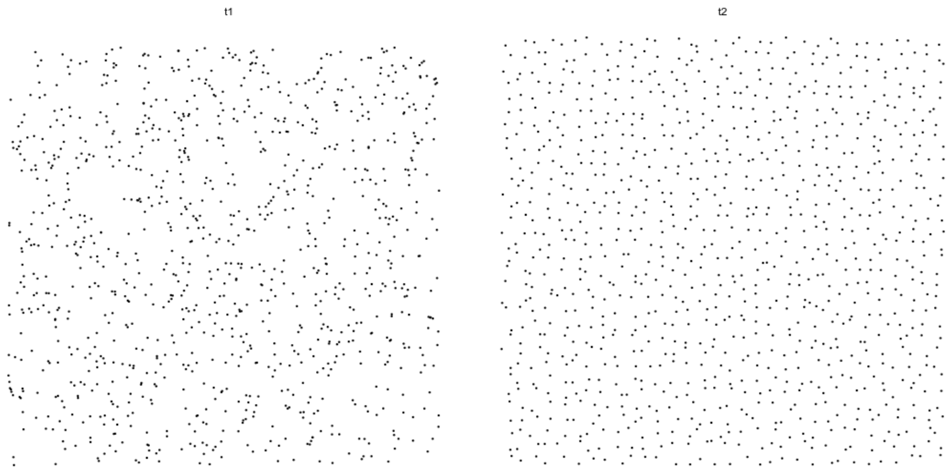
Randomness is also a source of uncertainty and error. Random phenomena are difficult to measure, predict, and control.

What do we mean by random?



Which of these could be modelled and which is completely random?

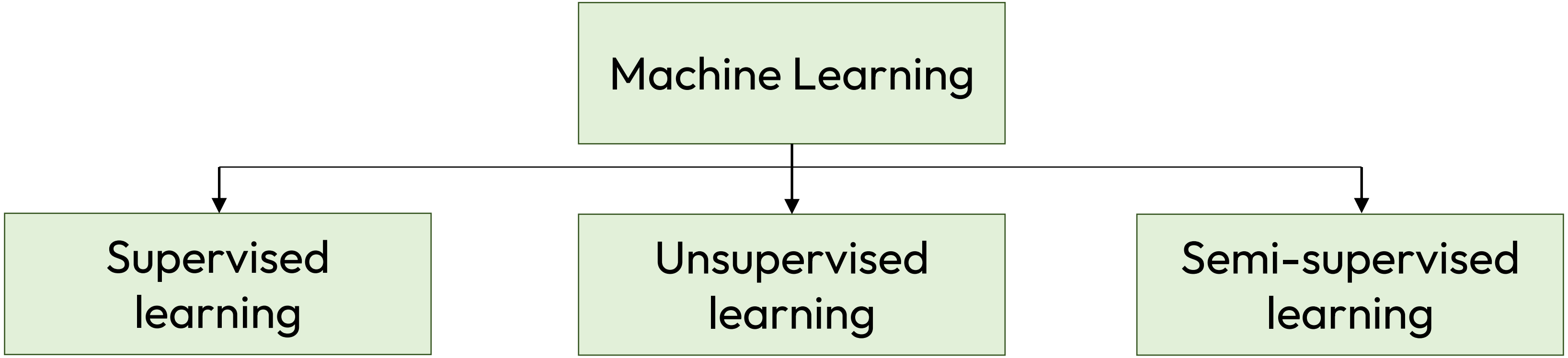
What do we mean by random?



- set.seed(42)
- Create these random fields of points
- Random coin throw, random dice

week_05_age_balance		16/11/2023 17:45	Microsoft Exc
week_05_what_is_random		07/02/2024 13:21	RMD File
week_05_yummy_mushrooms_prep		16/11/2023 17:45	RMD File
Week5_yummy_mushrooms_prep		21/11/2023 18:57	Microsoft Edg
Week5_yummy_mushrooms_prep.knit		21/11/2023 18:56	MD File
Week5_yummy_mushrooms_prep		16/11/2023 18:17	RMD File

Supervised vs Unsupervised methods



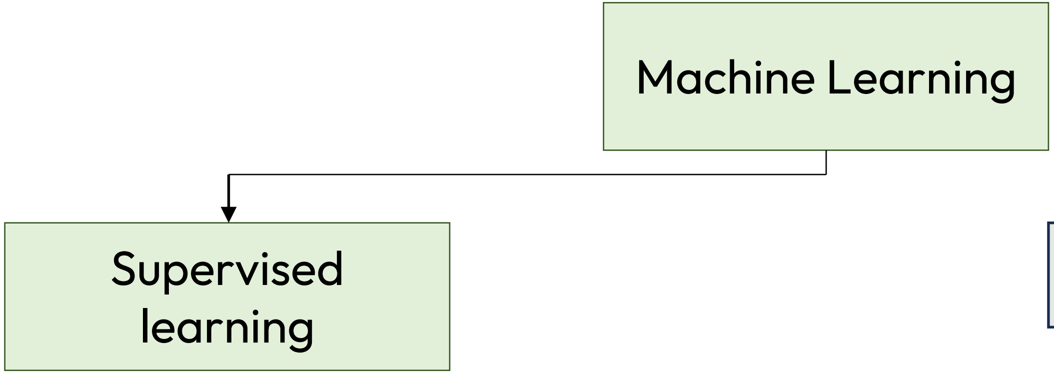
Supervised methods have a target, an objective.

“Can we find groups of customers who have particularly high likelihoods of cancelling their service soon after their contracts expire?”

Unsupervised methods have no specific target.

“Do our customers naturally fall into different groups

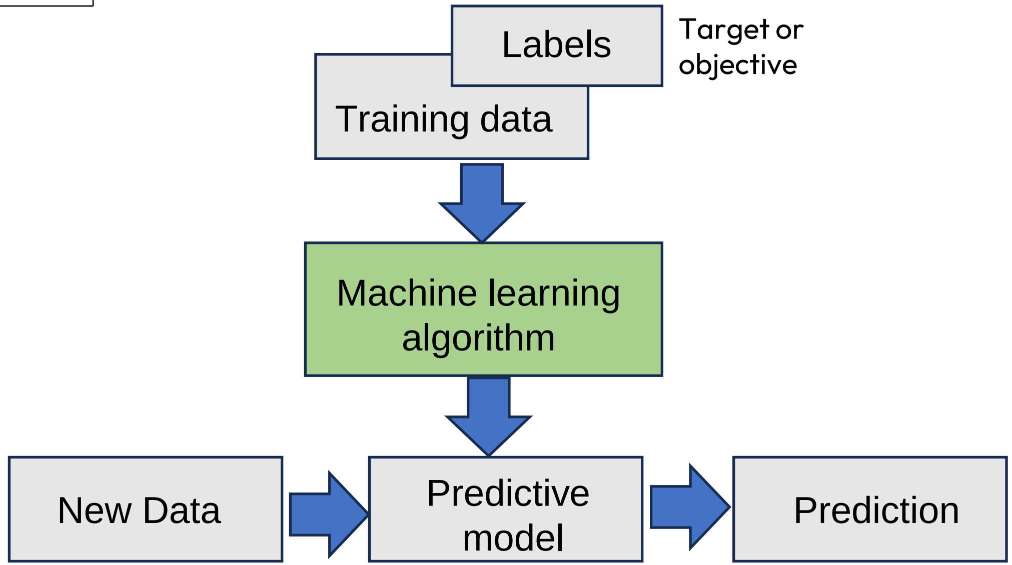
Supervised vs Unsupervised methods



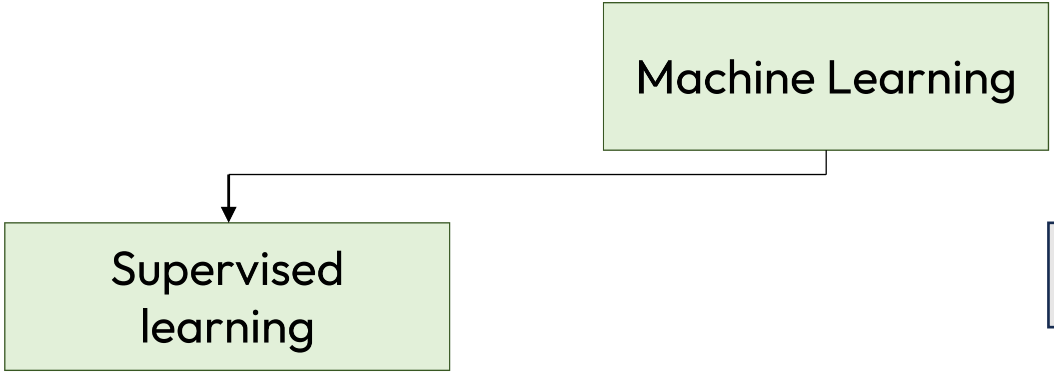
Supervised methods have a target, an objective.

“Can we find groups of **customers** who have particularly high likelihoods of **cancelling their service** soon after their contracts expire?

“Can we predict which **patients** are likely to be **readmitted to hospital** following a previous admission?



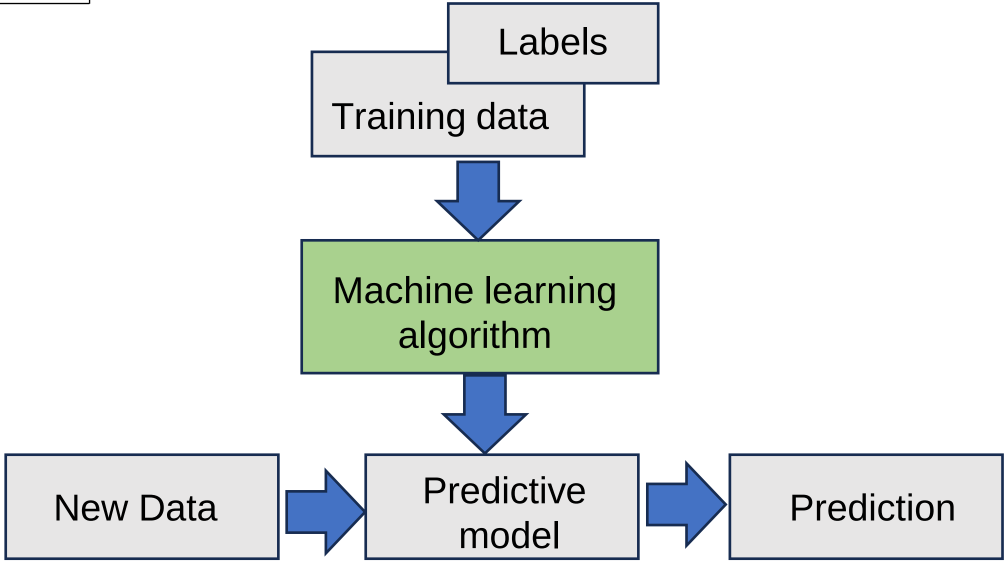
Supervised vs Unsupervised methods



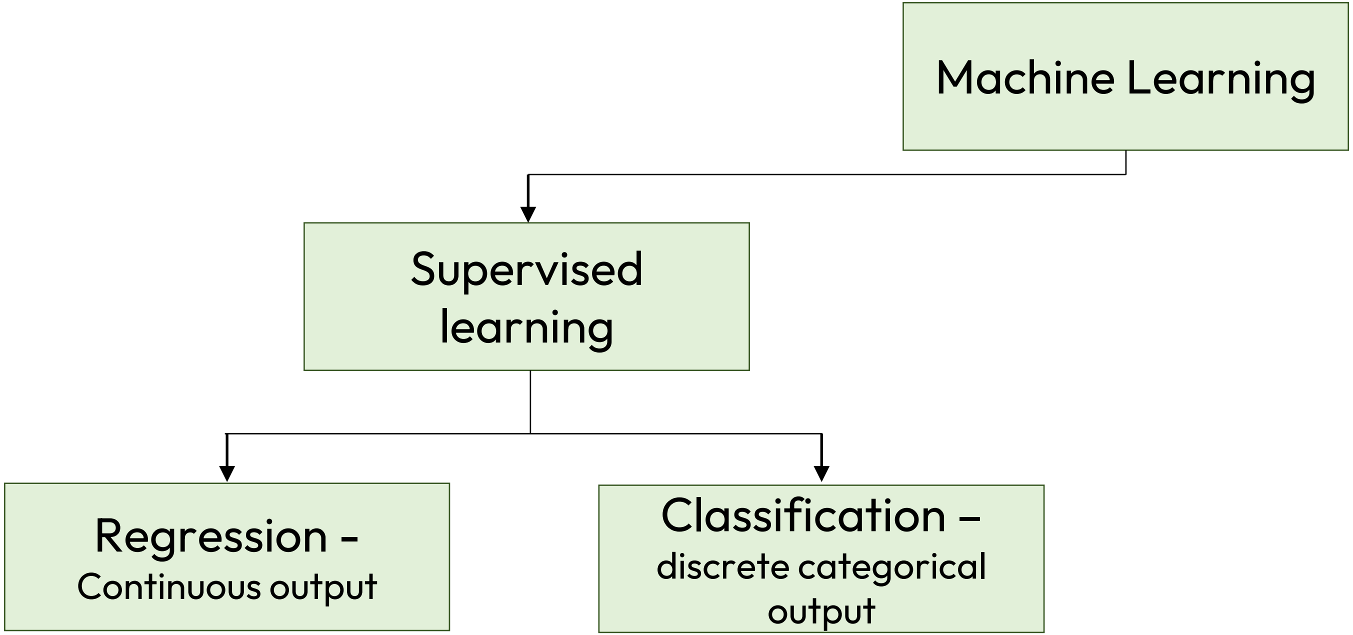
Label: Variable we are predicting (the dependent variable) (y)

Features: the attributes or variables which describe the data (independent variables) $\{x_1, x_2, \ldots, x_N\}$

Unseen (new) data: test the performance of the model *y=f(x)* on unlabelled data

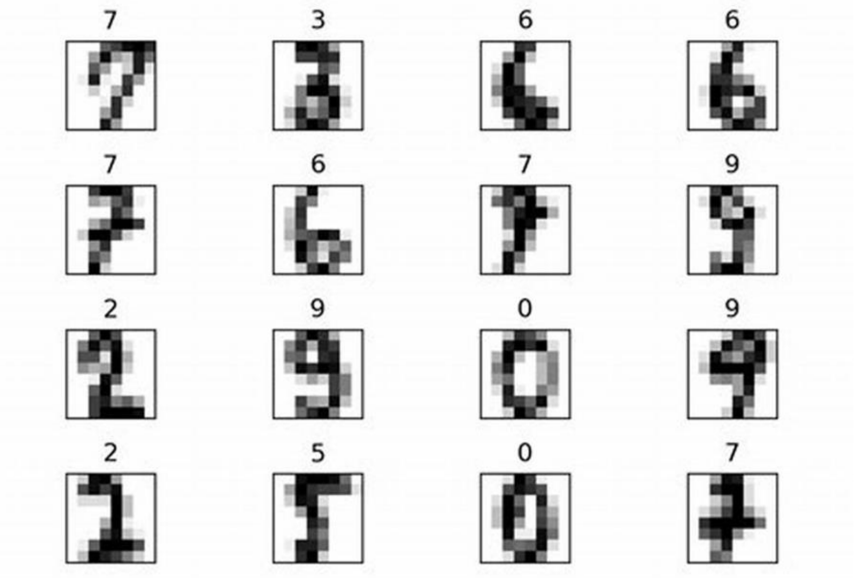


Types of supervised learning

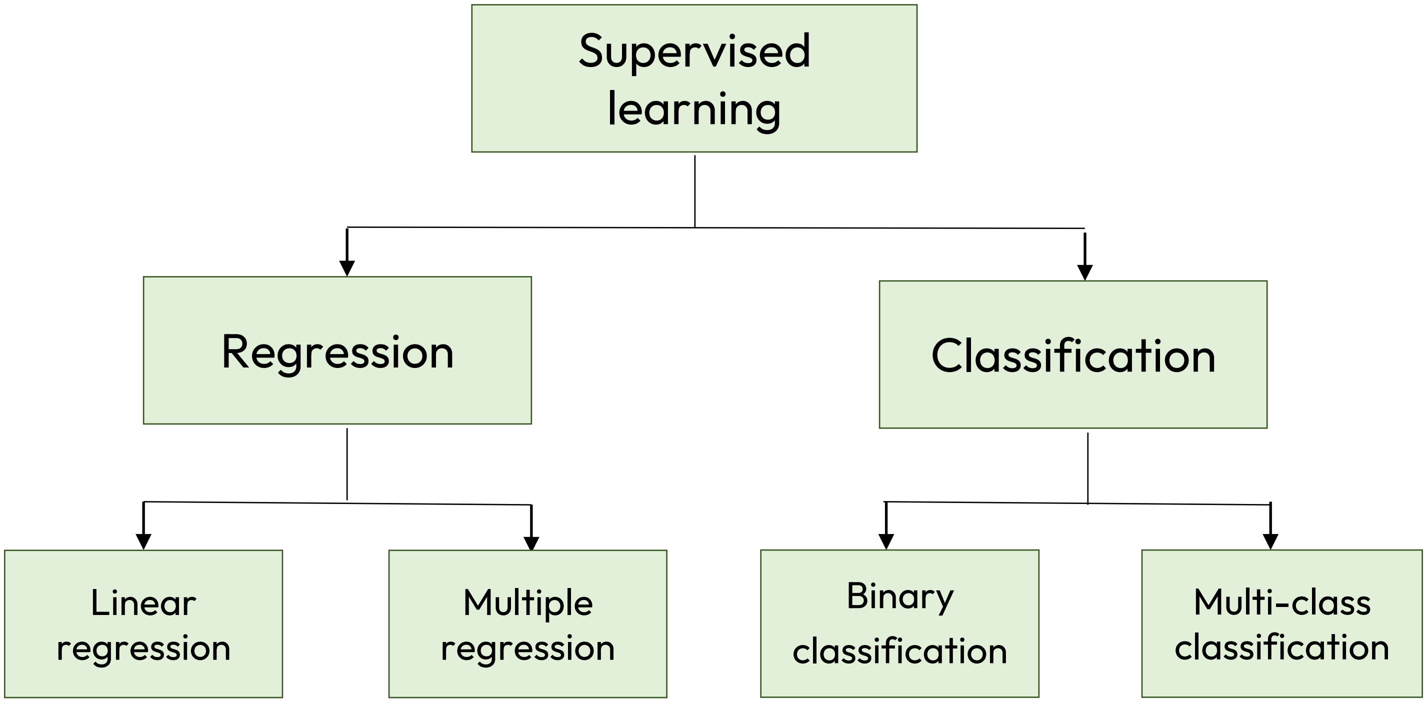


Regression or classification?

- Weather prediction
- Identification of cancer cells
- Identification of handwritten digits
- Oil price prediction
- Identification of fraudulent credit card transactions
- Monthly income prediction

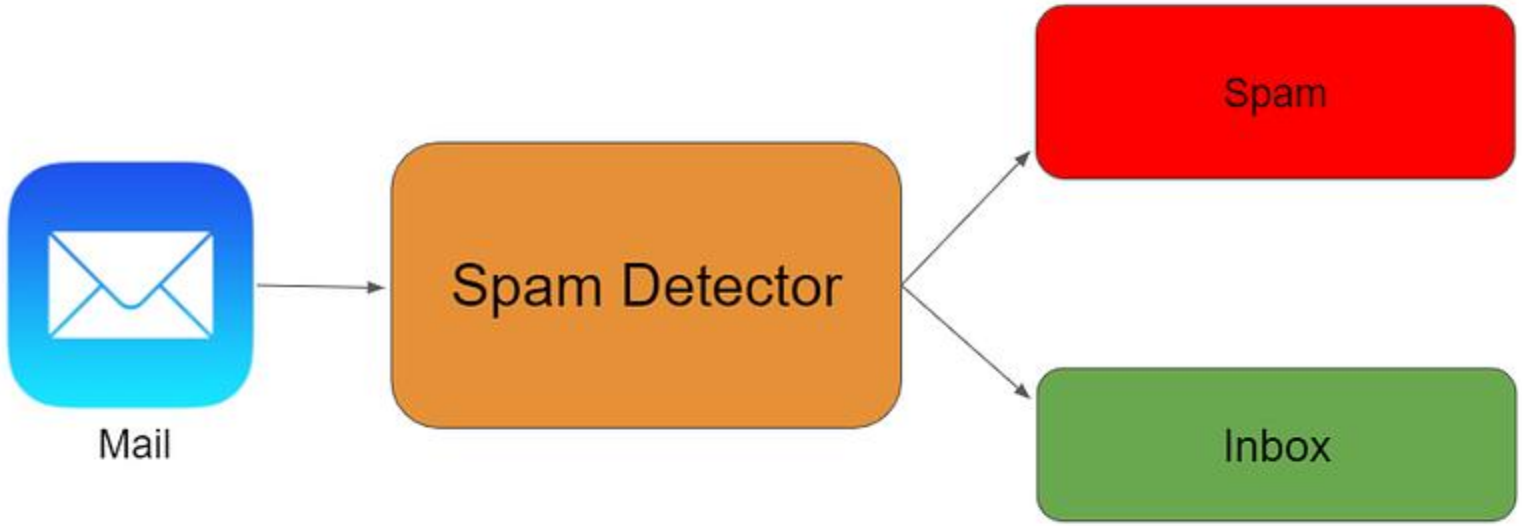


Machine Learning



Example: Email spam prediction

Trained on a large number of spam and non-spam emails, the algorithm's goal is to predict whether or not an email is spam



Regression: House Price Prediction

Given a set of input features (which may influence the price of a house), the goal of the algorithm is to predict the price of a new house going to market

House Price Prediction

Square footage	Num of Rooms	Garden?	Parking Facility?	Num of floors	Price ($) in 1000's
..	3	Yes	..	2	460
1700	..	No	No	1	320
..	5	..	..	..	..
..	..	..	..	..	..
..	..	..	..	..	..
..	..	..	..	..	..

Labeled Exampl

Attributes/Features/Independent Variables ($\mathbf{x}_1, \mathbf{x}_2, \ldots, \mathbf{x}_n$)

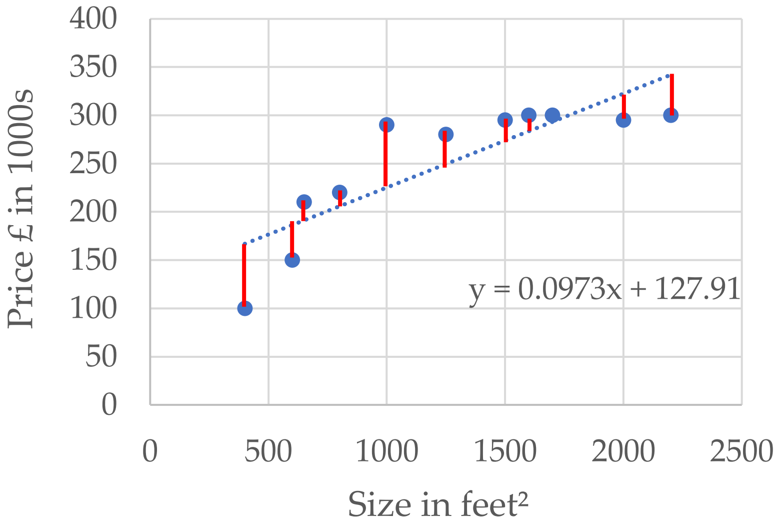
Target/Dependent Variable (y)

Simple Linear Regression

Consider the problem of **predicting house prices (y)**

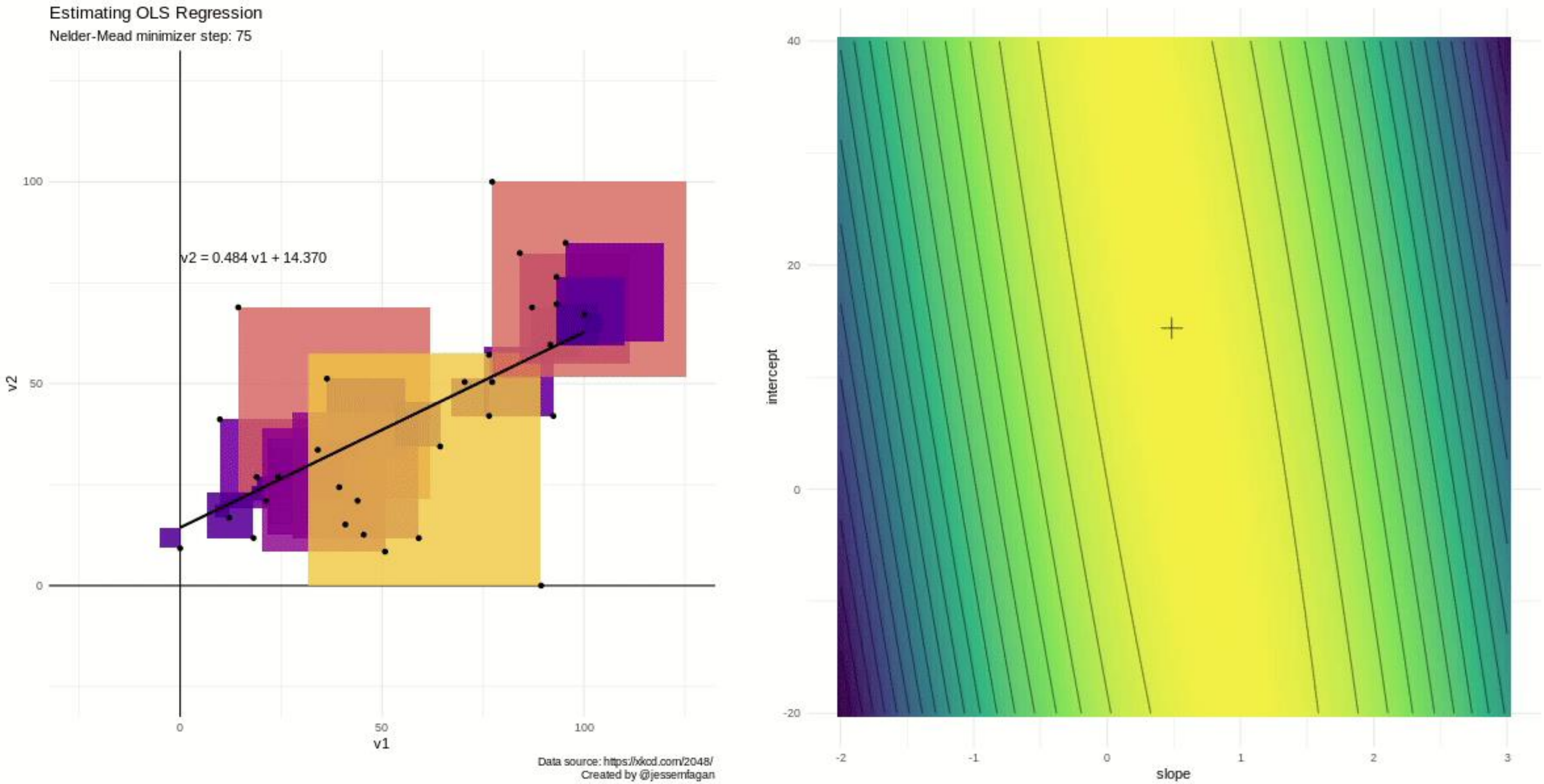
- **Feature Selection** – input variables that can used to predict house prices
  – let's consider one input variable (size in sq.ft) → univariate/simple regression

- Simple linear regression finds a linear function (straight line) that predicts the target variable (y) as a function of the features or independent variables (x)
- $y = mx + c$ where m is the slope and c is the intercept



Features/independent variables (x) Size in feet²	Target/dependent variable (y) Price £ in 1000s
400	100
600	150
650	210
800	220
1000	290
1250	280
1500	295
1600	300
1700	300
2000	295
2200	300

[Supervised Learning in Machine Learning: Regression and Classification (DeepLearning.AI) | Coursera]


Estimating OLS Regression
Nelder-Mead minimizer step: 75
v2 = 0.484 v1 + 14.370
v2
v1
0
50
100
Data source: https://xkcd.com/2048/
Created by @jessemfagan
intercept
slope
40
20
0
-20
-2
-1
1
2
3

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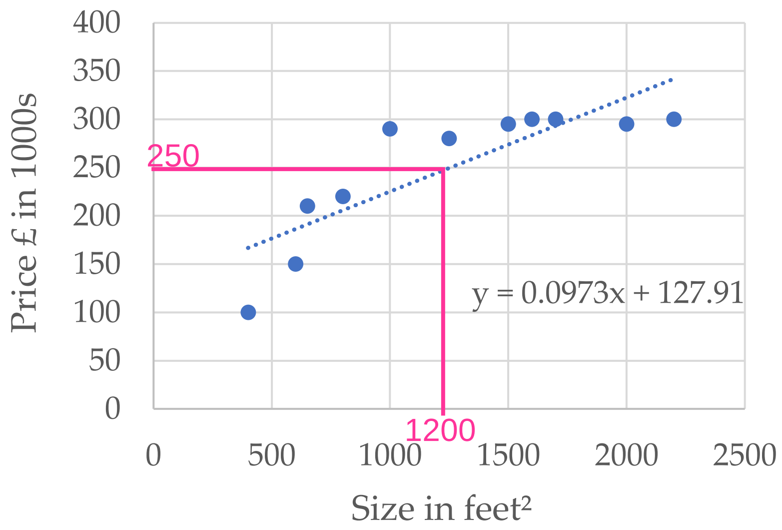

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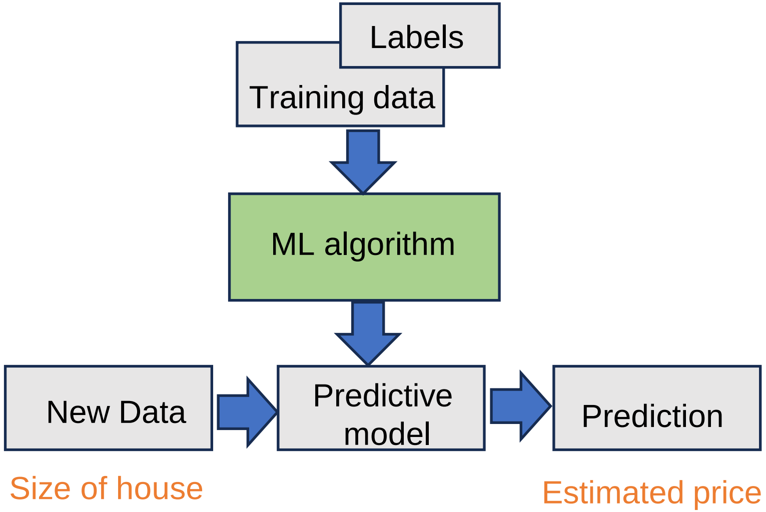

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400	100
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Simple Linear Regression

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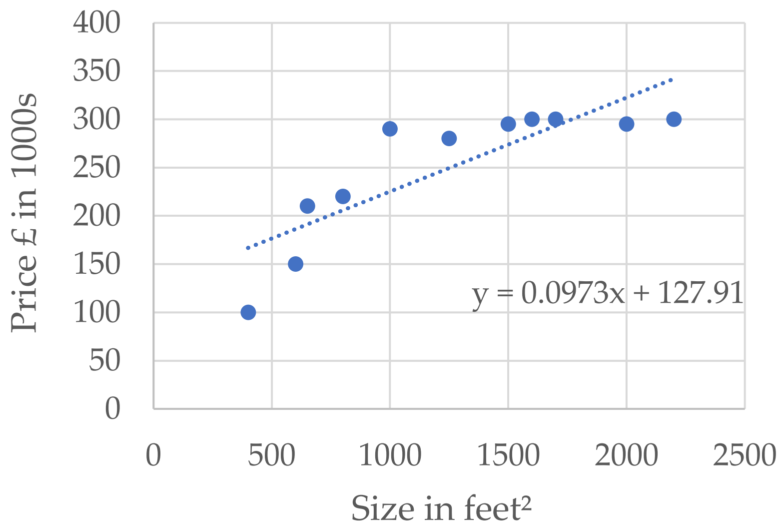

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600	150
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1250	280
1500	295
1600	300
1700	300
2000	295
2200	300

Supervised Learning in Machine Learning: Regression and Classification (DeepLearning.AI) | Coursera

Multiple Linear Regression

Consider the problem of **predicting house prices (y)**

- **Feature Selection** – input variables that can used to predict house prices
  - let's consider multiple input variable → multiple linear regression

- Multiple linear regression models a linear function that predicts a target variable as a function of the independent variables: $y = a_0 + a_1x_1 + a_2x_2 + a_3x_3 + ...$

Square footage	Num of Rooms	Garden?	Parking Facility?	Num of floors	Price ($) in 1000's
..	3	Yes	..	2	460
1700	..	No	No	1	320
..	5	..	..	..	..
..	..	..	..	..	..
..	..	..	..	..	..
..	..	..	..	..	..

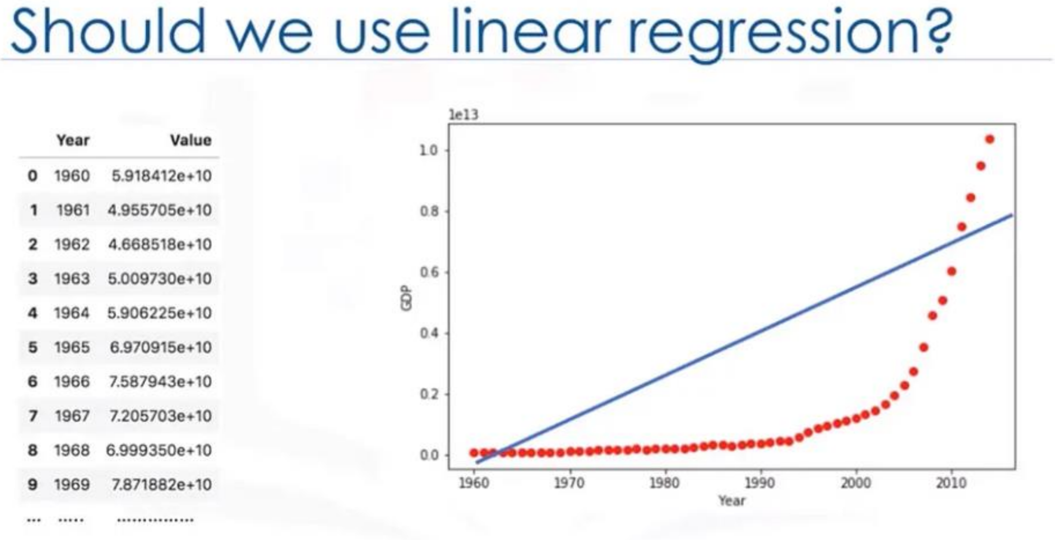
m training examples

Attributes/Features/Independent Variables ($\mathbf{x_1}, \mathbf{x_2}, \ldots, \mathbf{x_n}$)

Target/Dependent Variable (y)

[Supervised Learning in Machine Learning: Regression and Classification (DeepLearning.AI) | Coursera]

Problems faced: Underfitting



	Year	Value
0	1960	5.918412e+10
1	1961	4.955705e+10
2	1962	4.668518e+10
3	1963	5.009730e+10
4	1964	5.906225e+10
5	1965	6.970915e+10
6	1966	7.587943e+10
7	1967	7.205703e+10
8	1968	6.999350e+10
9	1969	7.871882e+10
...	.....	....

These data points correspond to China's gross domestic product (GDP) from 1960–2014.

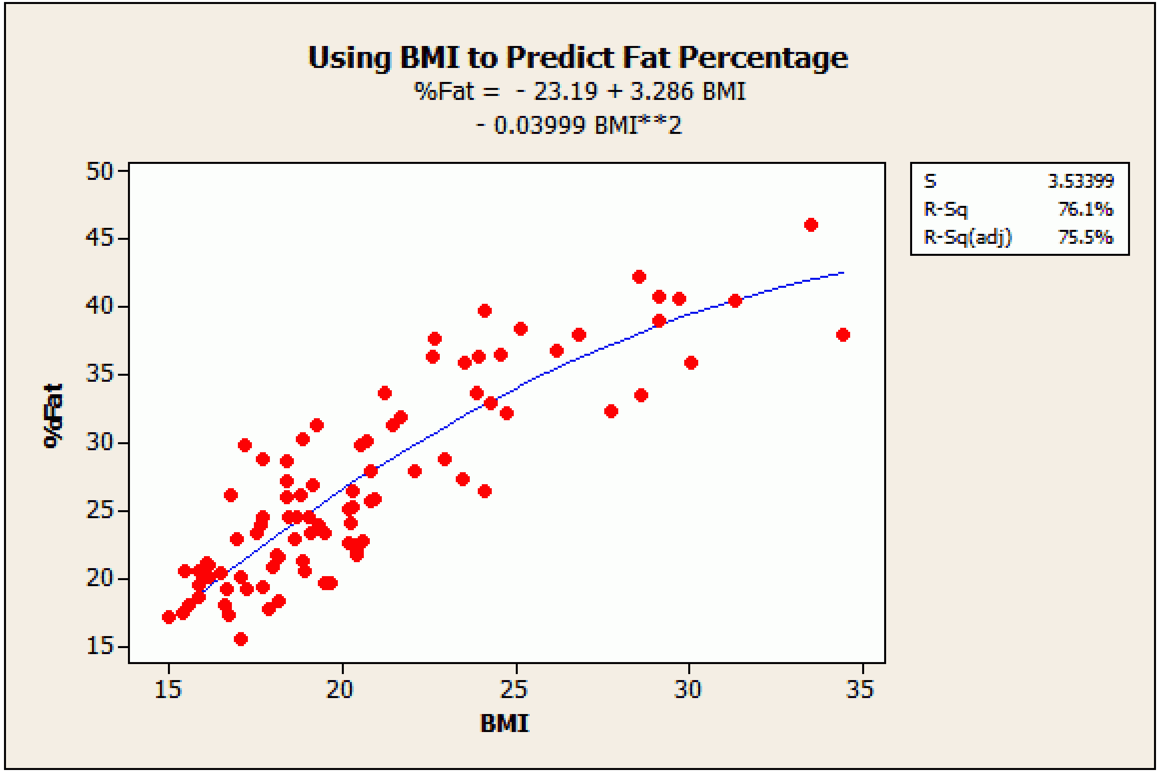
Model is not complex enough to capture the underlying patterns in the data.

Leads to **bias**:

The amount of error introduced by approximating real-world phenomena in a simplified model

Non Linear Regression | by Mehmet Toprak | Medium

Non-linear regression



If a regression equation doesn't follow the rules for a linear model, then it must be a nonlinear model.

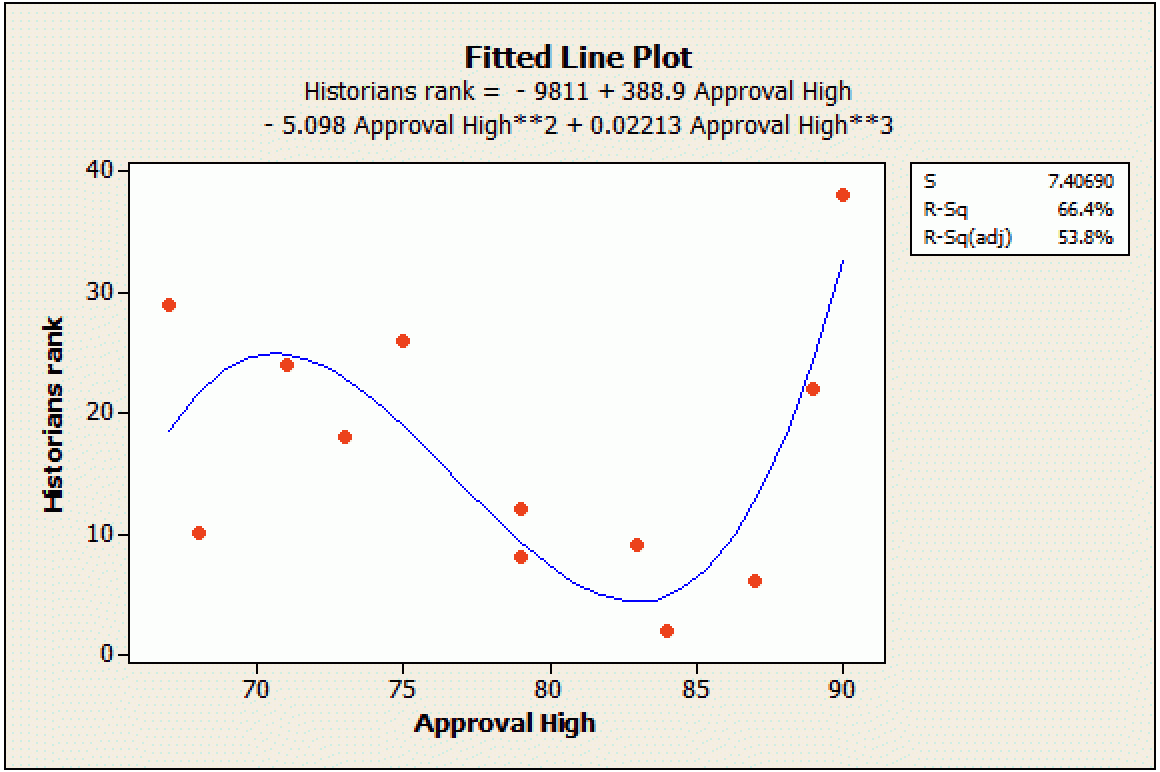
The regression example models the relationship between body mass index (BMI) and body fat percent.

It is a linear model that uses a quadratic (squared) term to model the curved relationship.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_1^2$$

The Difference between Linear and Nonlinear Regression Models - Statistics By Jim

Problems faced: Overfitting

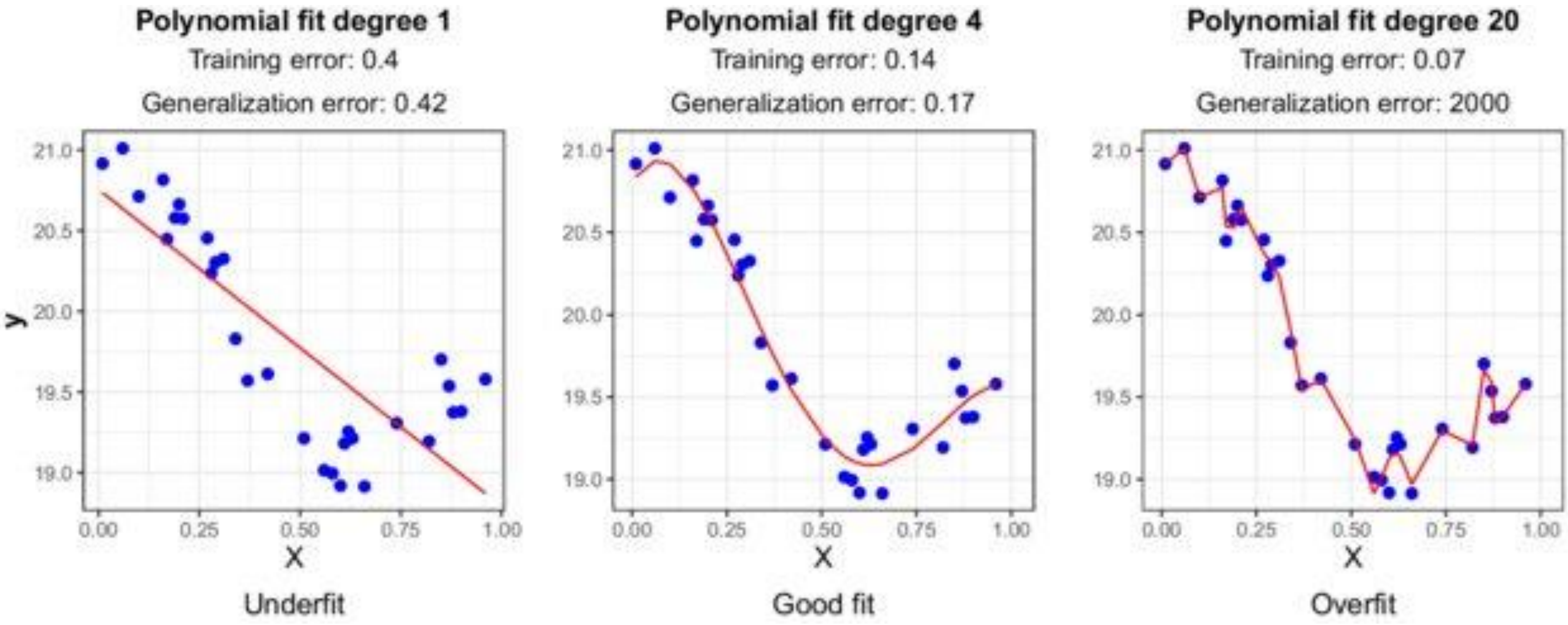


If you try to estimate too many parameters, you will overfit!

The size of your dataset restricts the number of terms you can safely add to your model

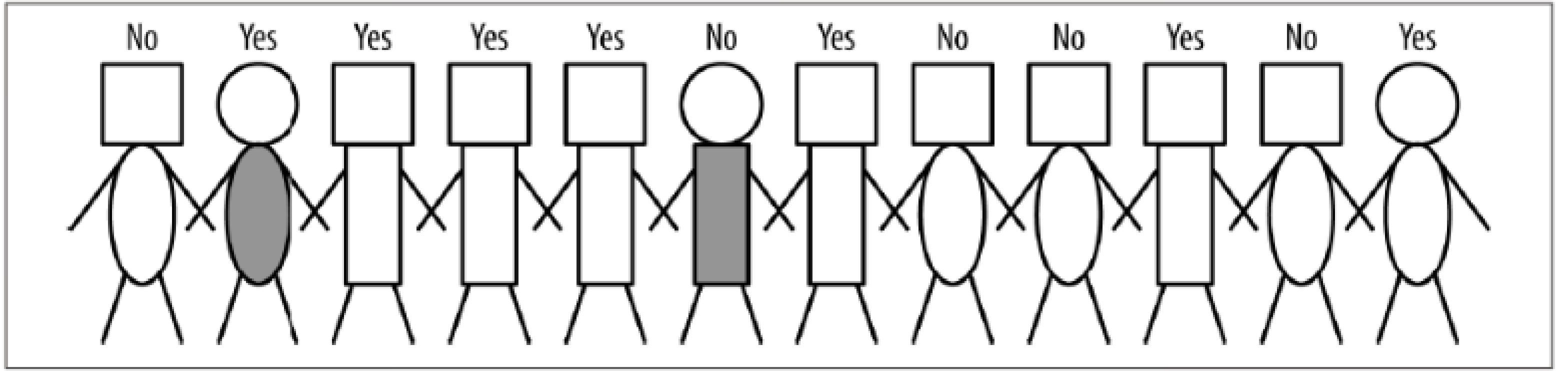
If your study calls for a complex model, you must collect a relatively large sample size.

Problems faced: Overfitting



Badillo, S., Banfai, B., Birzele, F., Davydov, I.I., Hutchinson, L., Kam-Thong, T., Siebourg-Polster, J., Steiert, B. and Zhang, J.D. (2020), An Introduction to Machine Learning. Clin. Pharmacol. Ther., 107: 871- 885 https://doi.org/10.1002/cpt.1796

Classification



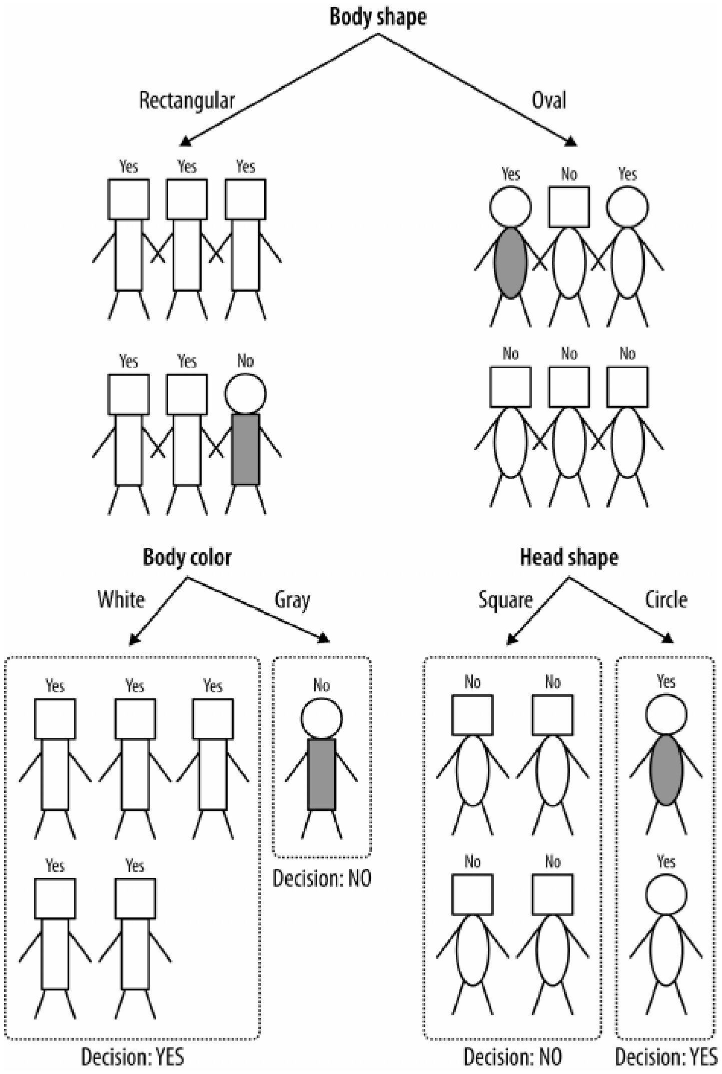
Attributes:
Head shape: square, circle
Body shape: rectangle, oval
Body colour: grey, white

Target:
Write-off: yes, no

Attributes rarely split a group perfectly

Not all attributes are binary

How do we segment for numeric values?



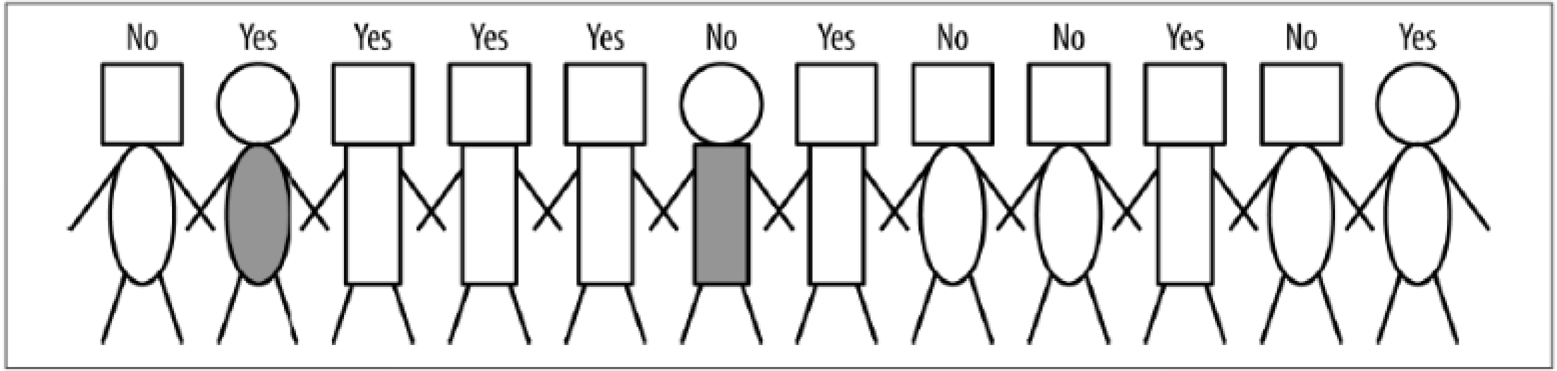
Classification: Decision trees

A decision tree is a model with a number of branching options that lead to a decision at the end.

Each point on the tree is called a **node**. The **depth** of the of the tree is maximum number of steps to reach a decision.

A **leaf** of the tree is where the decision is made (when there's no more splitting).

Classification – decision trees



Entropy:
The amount of uncertainty or randomness in a system

→ How *impure* a node (how mixed the training data assigned to that node is)

Information gain:
Measures the amount of reduction in entropy or uncertainty about a random variable after observing another random variable

→ To decide which attribute to split on at each step in a decision tree by selecting the attribute which results in most significant reduction in entropy

Features that result in a higher information gain are considered more important – as they provide more information

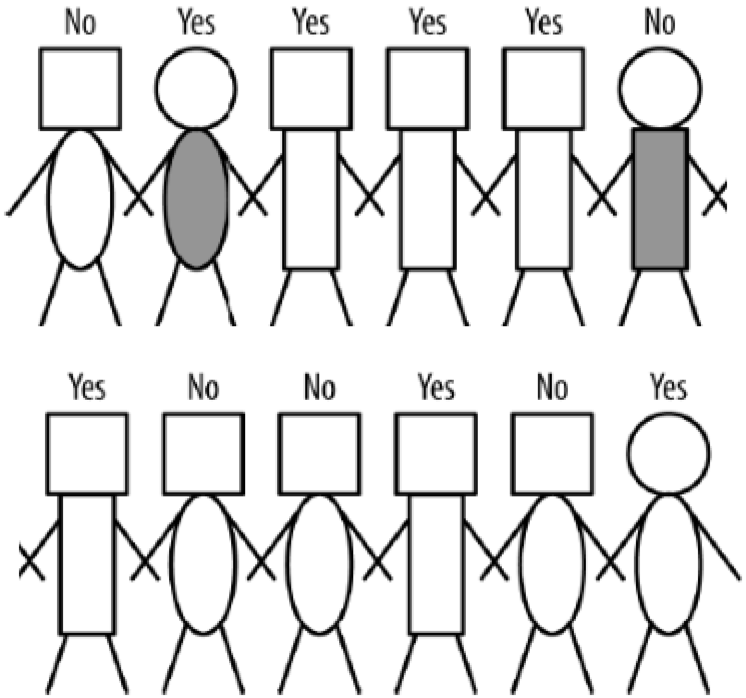
Classification - entropy

An information gain is how much an attribute improves (or decreases) **entropy** (uncertainty) of the model prediction.

$$entropy = -p_1 \log(p_1) - p_2 \log(p_2) - \ \ldots$$

p_yes = 7/12
p_no = 5/12

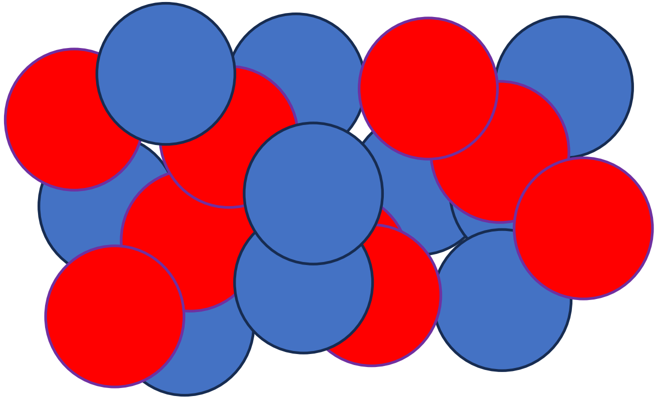
$$entropy(S) = -[(\tfrac{7}{12}) \times log_2\left(\frac{7}{12}\right) + \left(\frac{5}{12}\right) \times log_2(\tfrac{5}{12})]$$
$$= 0.98$$



Classification - entropy

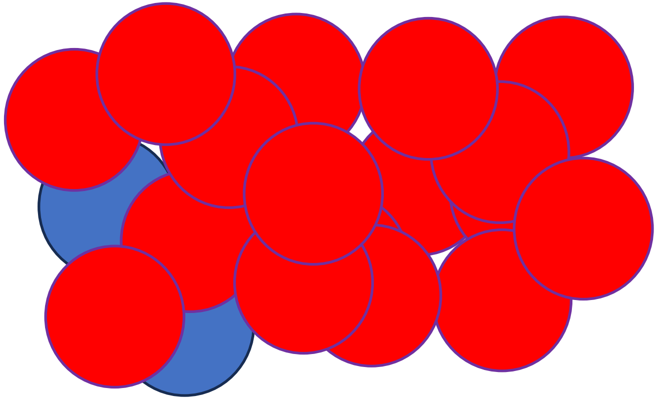
Pick a ball at random and guess the colour! The chances of being right or wrong depends on the mix of colours.

If your bag has an equal number of red and blue balls, your uncertainty is highest – this is a state of high entropy.



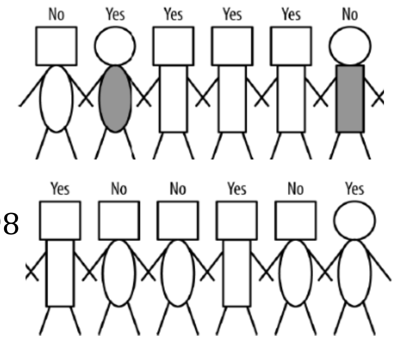
If the bag has mostly red balls, and not many blue balls, you'd probably guess red, and you would be right most of the time. This is a state of low entropy.

Entropy quantifies the uncertainty.



$p\_yes = 7/12$
$p\_no = 5/12$

$entropy = 0.98$



Body colour

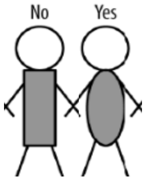
$$IG(parent, children) = entropy(parent) - p(c_1) \times entropy(c_1) + \; p(c_2) \times entropy(c_2) + \ldots$$

$$\mathrm{IG} = 0.98 - (0.17 \times 1.0 + 0.83 \times 0.97)$$
$$= 0.005$$

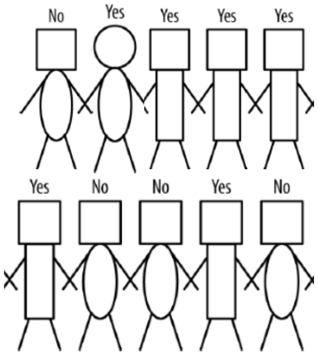
Grey

$p\_yes = 1/2$
$p\_no = 1/2$

$entropy = 1.0$



White

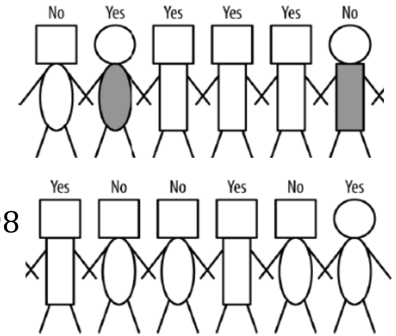


$p\_yes = 6/10$
$p\_no = 4/10$

$entropy = 0.97$

$p\_yes = 7/12$
$p\_no = 5/12$

$entropy = 0.98$

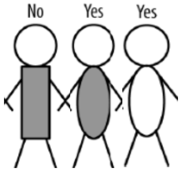


Head Shape

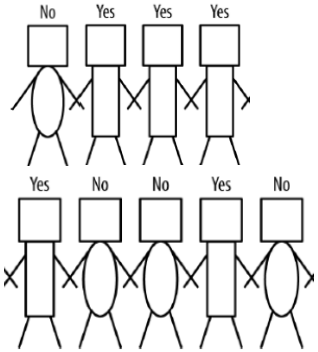
Circle

$p\_yes = 2/3$
$p\_no = 1/3$

$entropy = 0.92$



Square



$p\_yes = 5/9$
$p\_no = 4/9$

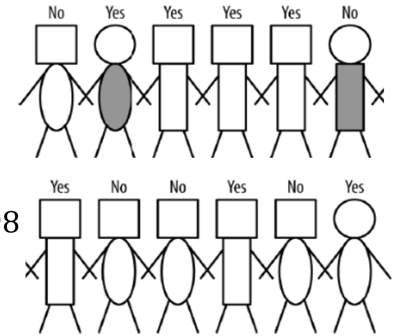
$entropy = 0.99$

$$IG = entropy(base) - p(c_1) \times entropy(c_1) + p(c_2) \times entropy(c_2) + \ \ldots$$

$$\mathrm{IG} = 0.98 - (0.25 \times 0.92 + 0.75 \times 0.99)$$
$$= 0.0075$$

$p\_yes = 7/12$
$p\_no = 5/12$

$entropy = 0.98$

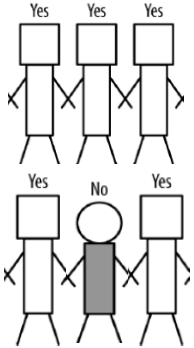


Body Shape

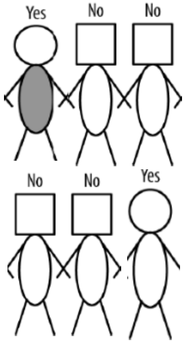
Rectangle

$p\_yes = 5/6$
$p\_no = 1/6$

$entropy = 0.650$



Oval



$p\_yes = 2/6$
$p\_no = 4/6$

$entropy = 0.918$

$$IG = entropy(base) - p(c_1) \times entropy(c_1) + p(c_2) \times entropy(c_2) + \ \ldots$$

$$\text{IG} = 0.98 - (0.5 \times 0.650 + 0.5 \times 0.918)$$
$$= 0.196$$

Decision trees

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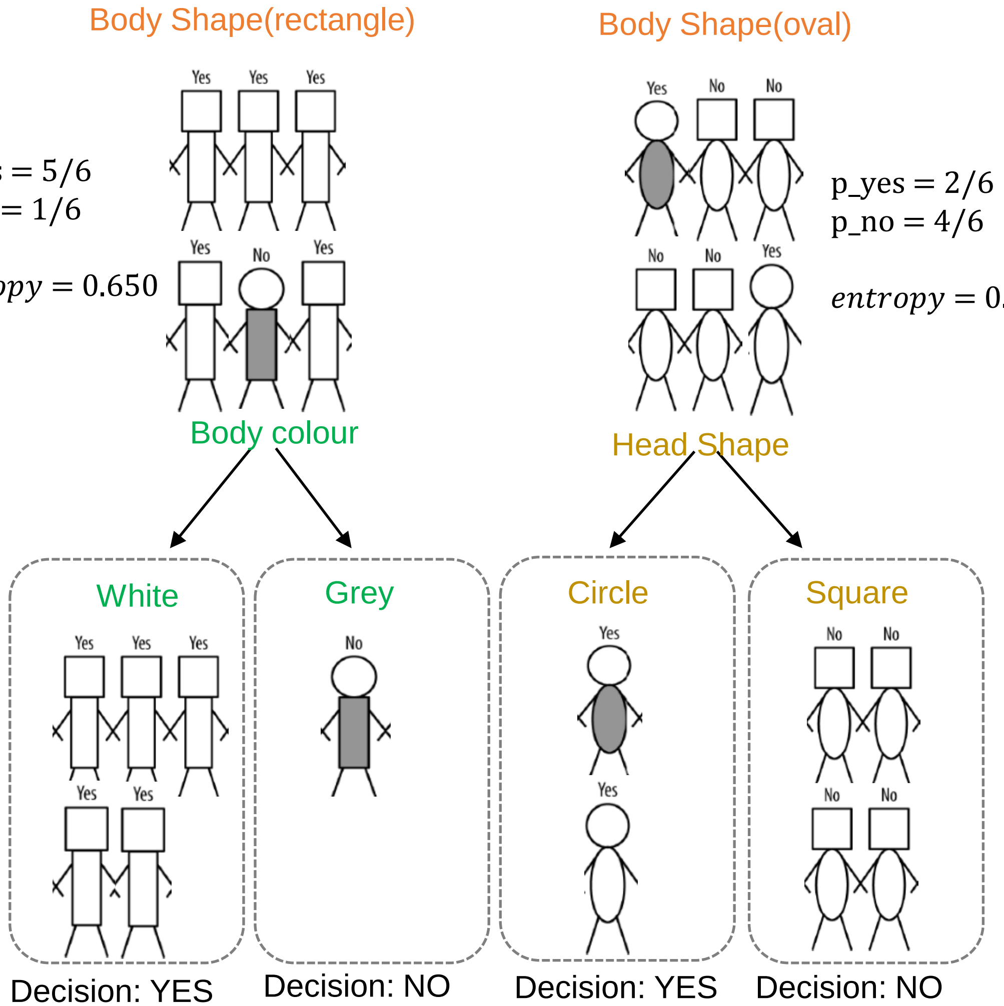

$p\_yes = 5/6$
$p\_no = 1/6$

$entropy = 0.650$

$p\_yes = 2/6$
$p\_no = 4/6$

$entropy = 0.918$

$IG = entropy(base) -$
$p(c_1) \times entropy(c_1) + \ p(c_2)$
$\times\ entropy(c_2) + \ \ldots$

$\text{IG} = 0.650 - (0.17 \times 0 + 0.83 \times 0)$
$= 0.650$

$\text{IG} = 0.919 - (0.33 \times 0 + 0.67 \times 0)$
$= 0.918$

Decision trees

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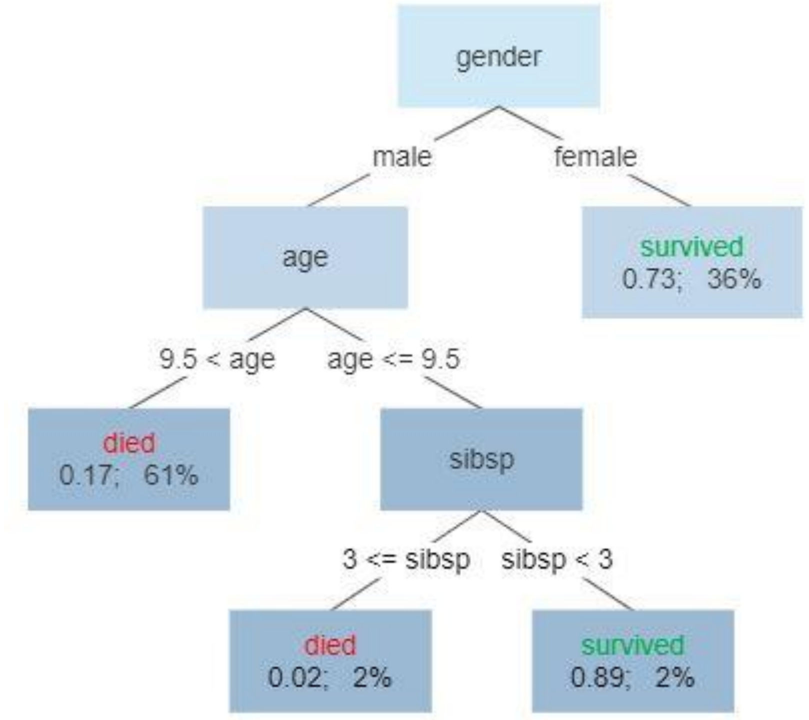
Survival of passengers on the Titanic

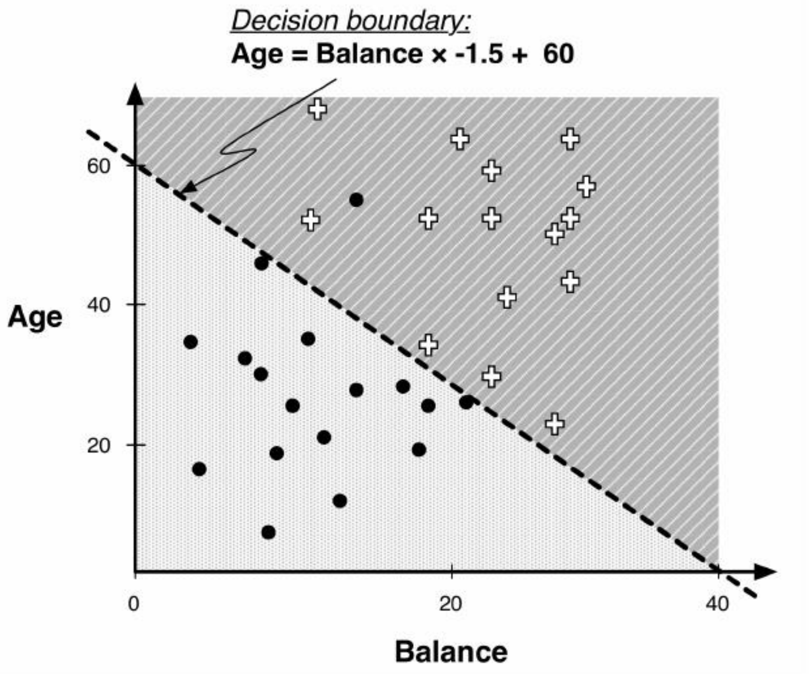


- Widely used for regression and classification problems
- Root at top, leaves at bottom

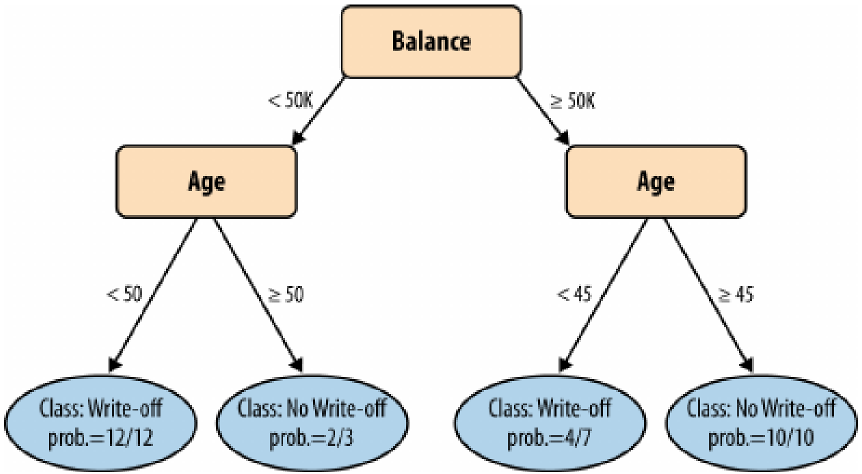
- Titanic survival model predicts survival for:
  - females
  - males younger than 9.5 years with less than 2.5 siblings
- The figures under the leaves show the probability of survival and the percentage of observations in the leaf.

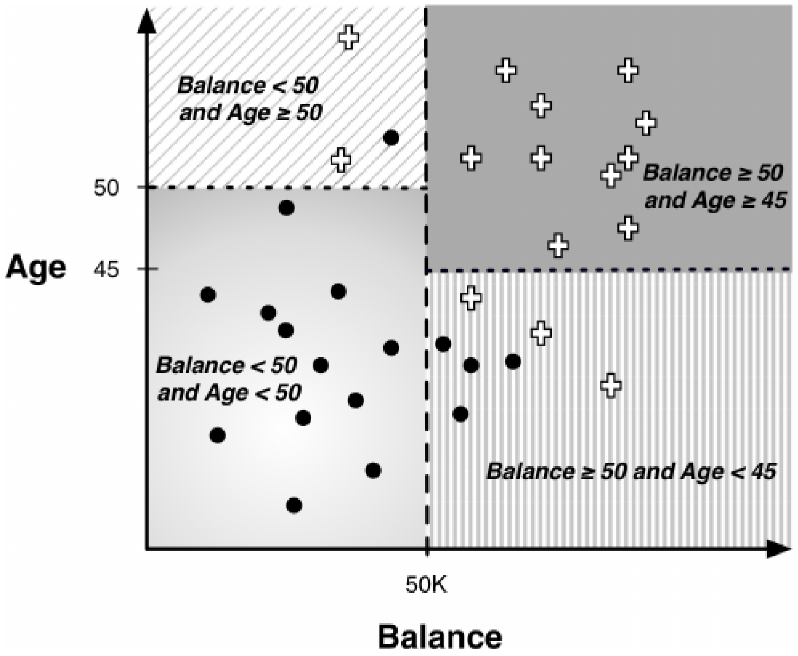
Fitting models

- Decision boundaries
- How do we know how best to draw the boundary?



Decision trees: hyperplanes

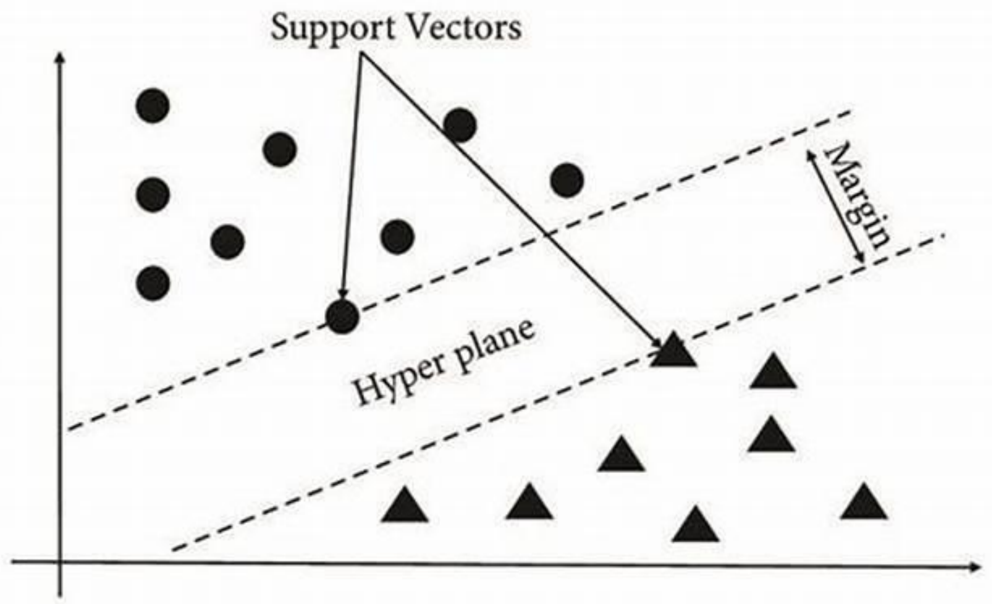




A decision tree can be plotted with each decision segmenting a space into boxes.

The decision boundary is called a **hyperplane**.

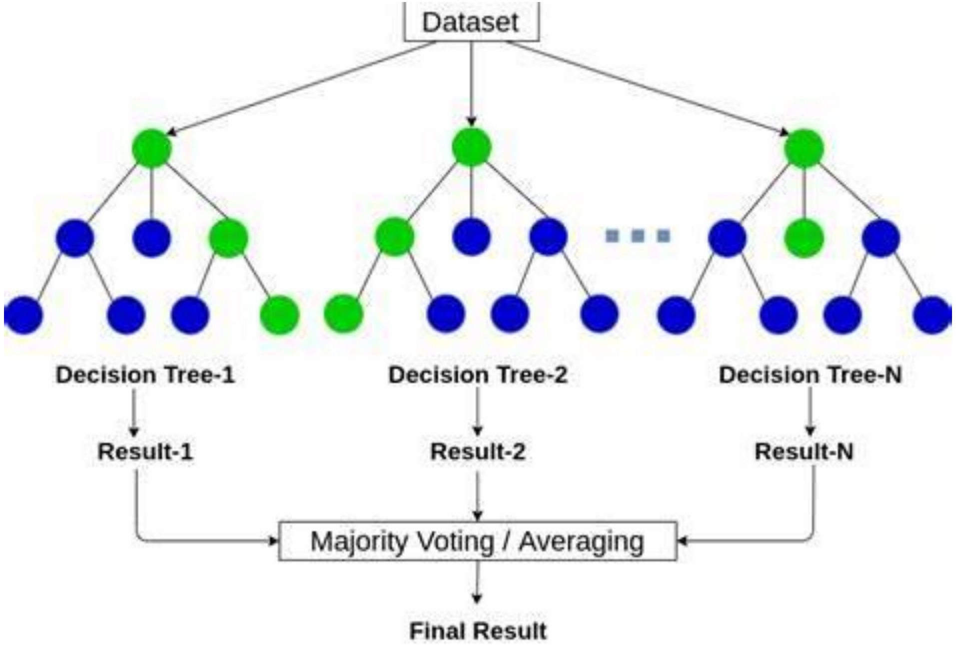
Support Vector Machines



For SVM, part of the objective function (the goal) uses not only the accuracy of the prediction, but also maximises the width of the margin between categories.

Used for both regression and classification.

Random Forests



- Widely used for regression and classification problems
- Consists of a ‘forest’ of decision trees, all fit on random bootstrap samples of the data.
- The results are averaged for regression
- Majority vote for classification

Next Week: Reading Week – For week 7:

- Read Data Science for Business, chapters 5, 7, 8
- Read AUC-ROC: a really good article
- Watch StatQuest: ROC and AUC, Clearly Explained! – YouTube
- Watch StatQuest: Bias and Variance
- Watch StatQuest: Cross validation
- Watch StatQuest: Sensitivity and Specificity

Any questions?

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