MATH 324: Statistics

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Rough notes from Wackerly's Mathematical Statistics with Applications (7^{th} edition).

Contents

Reminders from Probability

Some useful formulas:

$$Var(X) = E[(X-\mu)^2] = E[X^2] - (E[X])^2$$

8 Estimation

8.1 Introduction

Point of statistics is to use sample information to infer data about the population. Populations are characterized by numbers (*parameters*) and we often want to estimate the value of parameter(s). Parameters include the proportion p, population mean μ, variance σ^2 and standard deviation σ.

Definition 1. The parameter of interest in an experiment is called the *target parameter*.

Definition 2. A *point estimate* is a type of estimate where we use a single value/point to estimate a parameter. If we estimate a parameter by saying that it might fall between two numbers, this is an *interval estimate.* We can use information from the sample to calculate these estimates, which are done using an estimator.

Definition 3. An *estimator* is a rule, often expressed as a formula, that tells how to calculate the value of an estimate based on the measurements contained in a sample.

Definition 4. *Sample mean:*

$$\overline{X} = \frac{1}{n}\sum_{i=1}^{n} X_i$$

This is an example point estimator of μ.

There can be different estimators for the same population parameter. Some estimators are considered good and others are bad.

8.2 The Bias and Mean Square Error of Point Estimators

We cannot measure how good a point estimation procedure is with a single estimate, we need to observe the procedure many times. We create a frequency distribution to measure the goodness of a point estimator.

Point Estimators For a population parameter θ, the estimator of θ is called $\hat{\theta}$.

Definition 5. Ideally, we'd want $E(\hat{\theta}) = \theta$. Point estimators that satisfy this are called *unbiased.* Otherwise, they are called *biased*, where the *bias* is given by $B(\hat{\theta}) = E(\hat{\theta}) - \theta$

In addition, we'd also like the estimator $V(\hat{\theta})$ to be as small as possible, since a smaller variance guarantees a higher fraction of estimators to be "close" to θ. If two estimators are unbiased and everything else is equal other than variance, we prefer the one with smaller variance.

Definition 6. Another way to characterize goodness of a point estimator is via its *mean square error*,

$$MSE(\hat{\theta}) = E[(\hat{\theta} - \theta)^2]$$

Which is the average of the square of the distance between the estimator and its target parameter. It can be shown that:

$$MSE(\hat{\theta}) = V(\hat{\theta}) + [B(\hat{\theta})]^2$$