Statistics

Random Sample

The collection of random variables $X_1, X_2, X_3, \ldots, X_n$ is said to be a random sample of size n if they are independent and identically distributed (i.i.d.), i.e.,

1. $X_1, X_2, X_3, \ldots, X_n$ are independent random variables, and
2. they have the same distribution, i.e,

$$F_{X_1}(x) = F_{X_2}(x) = \ldots = F_{X_n}(x), \quad \text{for all } x \in \mathbb{R}.$$

Properties of Random Samples

1. the X_i 's are independent;
2. $F_{X_1}(x) = F_{X_2}(x) = \ldots = F_{X_n}(x) = F_X(x)$;
3. $EX_i = EX = \mu < \infty$;
4. $0 < \operatorname{Var}(X_i) = \operatorname{Var}(X) = \sigma^2 < \infty$.

Sample Mean

The sample mean is defined as

$$\bar{X} = \frac{X_1 + X_2 + \ldots + X_n}{n}$$

Properties of the sample mean 1. $E\bar{X} = \mu$. 2. $\operatorname{Var}(\bar{X}) = \frac{\sigma^2}{n}$. 3. Weak Law of Large Numbers (WLLN):

$$\lim_{n \to \infty} P(|\bar{X} - \mu| \geq \epsilon) = 0.$$

4. Central Limit Theorem: The random variable

$$Z_n = \frac{\bar{X} - \mu}{\sigma / \sqrt{n}} = \frac{X_1 + X_2 + \ldots + X_n - n\mu}{\sqrt{n}\sigma}$$

converges in distribution to the standard normal random variable as n goes to infinity, that is

$$\lim_{n \to \infty} P(Z_n \leq x) = \Phi(x), \quad \text{for all } x \in \mathbb{R}$$

where $\Phi(x)$ is the standard normal CDF.

Sample Variance and Standard Deviation

Let $X_1, X_2, X_3, \ldots, X_n$ be a random sample with mean $EX_i = \mu < \infty$, and variance $0 < \mathrm{Var}(X_i) = \sigma^2 < \infty$. The sample variance of this random sample is defined as

$$S^2 = \frac{1}{n-1} \sum_{k=1}^{n} \left(X_k - \bar{X}\right)^2 = \frac{1}{n-1} \left(\sum_{k=1}^{n} X_k^2 - n\bar{X}^2\right).$$

The sample variance is an unbiased estimator of σ^2. The sample standard deviation is defined as

$$S = \sqrt{S^2},$$

and is commonly used as an estimator for σ. Nevertheless, S is a biased estimator of σ.

Confidence Intervals

Let $X_1, X_2, X_3, \ldots, X_n$ be a random sample from a distribution with a parameter θ that is to be estimated. An interval estimator with confidence level $1 - \alpha$ consists of two estimators $\hat{\Theta}_l(X_1, X_2, \cdots, X_n)$ and $\hat{\Theta}_h(X_1, X_2, \cdots, X_n)$ such that

$$P\left(\hat{\Theta}_l \leq \theta \leq \hat{\Theta}_h\right) \geq 1 - \alpha,$$

for every possible value of θ. Equivalently, we say that $\left[\hat{\Theta}_l, \hat{\Theta}_h\right]$ is a $(1-\alpha)100\%$ confidence interval for θ.

Finding Confidence Intervals

Let's review a simple fact from random variables and their distributions. Let X be a continuous random variable with CDF $F_X(x) = P(X \leq x)$. Suppose that we are interested in finding two values x_h and x_l such that

$$P(x_l \leq X \leq x_h) = 1 - \alpha.$$

One way to do this, is to chose x_l and x_h such that

$$P(X \leq x_l) = \frac{\alpha}{2}, \quad \text{and} \quad P(X \geq x_h) = \frac{\alpha}{2}.$$

Equivalently,

$$F_X(x_l) = \frac{\alpha}{2}, \quad \text{and} \quad F_X(x_h) = 1 - \frac{\alpha}{2}.$$

We can rewrite these equations by using the inverse function F_X^{-1} as

$$x_l = F_X^{-1}\left(\frac{\alpha}{2}\right), \quad \text{and} \quad x_h = F_X^{-1}\left(1 - \frac{\alpha}{2}\right).$$

We call the interval $[x_l, x_h]$ a $(1-\alpha)$ interval for X. Figure 1 shows the values of x_l and x_h using the CDF of X, and also using the PDF of X.

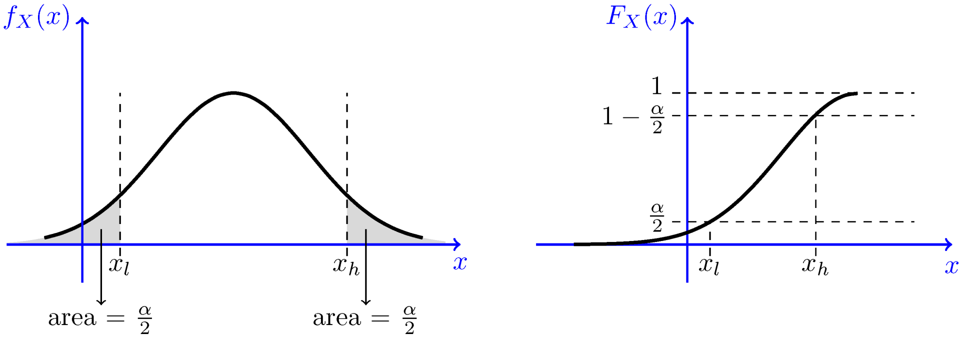

Figure 1: $[x_l, x_h]$ is a $(1-\alpha)$ interval for X, that is, $P(x_l \leq X \leq x_h) = 1-\alpha$.

The U-test

The U-test, also known as the Mann-Whitney U test, is a non-parametric test used to determine whether there is a significant difference between the distributions of two independent samples. It is often used as an alternative to the t-test when the assumption of normality is not met.

Key Concepts

- **Non-Parametric Test**: Unlike parametric tests, the U-test does not assume a specific distribution (e.g., normal distribution) for the data. This makes it suitable for data that do not meet the assumptions of parametric tests.
- **Independent Samples**: The test compares two independent groups. Independence means the samples are not related or paired.
- **Rank-Based**: The test works by ranking all the values from both groups together and then comparing the ranks between the groups.

Steps to Perform the U-Test

1. **Combine and Rank Data**:
   - Combine the data from both samples.
   - Rank all the observations from the lowest to the highest, assigning ranks. In the case of ties (identical values), assign the average rank to the tied values.
2. **Sum of Ranks**:
   - Calculate the sum of the ranks for each group. Let's denote these sums as R_1 and R_2 for the first and second group, respectively.
3. **Calculate U Values**:
   - The U-test computes two U values, one for each group:

   $$U_1 = n_1 n_2 + \frac{n_1(n_1+1)}{2} - R_1$$

   $$U_2 = n_1 n_2 + \frac{n_2(n_2+1)}{2} - R_2$$

   Where n_1 and n_2 are the sample sizes of the two groups.

- The smaller of the two U values is used for the test statistic:

$$U = \min(U_1, U_2)$$

4. **Determine Significance**:
    - Compare the calculated U value to a critical value from the Mann-Whitney U distribution table (which depends on the sample sizes and the chosen significance level).
    - Alternatively, for larger samples, a normal approximation can be used:

    $$Z = \frac{U - \mu_U}{\sigma_U}$$

    Where μ_U and σ_U are given by:

    $$\mu_U = \frac{n_1 n_2}{2}$$

    $$\sigma_U = \sqrt{\frac{n_1 n_2 (n_1 + n_2 + 1)}{12}}$$

    - The Z value can then be compared to the standard normal distribution to determine the p-value.

Interpretation

- **Null Hypothesis** (H_0): The distributions of both groups are equal.
- **Alternative Hypothesis** (H_A): The distributions of the two groups are not equal.

If the test statistic (U or Z) indicates a significant difference (p-value $<$ significance level), you reject the null hypothesis and conclude that there is a significant difference between the two groups.