HUDM 6122
Spring 2020

Homework # 8

Due on 04/22/2020 at 1:00 pm

1. Use the annual financial data from Table 11.4. We want to do discriminant analysis to predict the last column (0 = bankrupt, 1 = solvent) based *only* on the two predictor variables X_1 = CF/TD and X_3 = CA/CL.

   a) Perform the Fisher *linear* discriminant analysis using the `lda` function with default priors. Plot the scatterplot with the discriminant line using the `partimat` function.

   b) Calculate the accuracy rate of the result from part a).

   c) Repeat part a) but after removing the influential cases #16 and #34.

   d) Calculate the accuracy rate of the result from part c).

   e) Repeat part a) but this time with *quadratic* discriminant analysis. No graph needed. Report accuracy rate.

   f) What is the conclusion after comparing all your results?