

# Workshop 2

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## 1 Non-Parametric Statistics Workshop 2

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### 1.1 Packages and Global behavior

```
[60]: import matplotlib.pyplot as plt
import numpy as np
import os
import pandas as pd
import scipy.stats as st
import statsmodels.api as sm
from IPython.display import set_matplotlib_formats
from math import comb
from matplotlib import cm, colors, rc
from scipy.spatial.distance import mahalanobis as mh
from sklearn.covariance import MinCovDet
from sklearn.covariance import LedoitWolf

set_matplotlib_formats('png', 'pdf')

%matplotlib inline
rc('text', usetex=True)

folder_fig = "figs"
dir_fig = lambda x: os.path.join(folder_fig, x)
np.random.seed(43)

def set_size(w, h, ax):
    l = ax.figure.subplotpars.left
    r = ax.figure.subplotpars.right
    t = ax.figure.subplotpars.top
    b = ax.figure.subplotpars.bottom
    figw = float(w)/(r-l)
    figh = float(h)/(t-b)
```

```

    ax.figure.set_size_inches(figw, figh)

# Aesthetic
end = '\033[0m'
bold = '\033[1m'
blue = '\033[94m'
red = '\033[91m'
header = "====="
n_spaces = 3

def print_results(dictionary):
    max_length = max(map(lambda x: len(x), dictionary))
    print(header)
    for key in dictionary:
        spaces_aux = n_spaces + (max_length - len(key))
        spaces = " " * spaces_aux
        print(bold + str(key) + end + spaces + str(dictionary[key]))

```

## 1.2 Assets Analysis

Reading file and creating an array with each data.

```
[35]: # Read assets data
file = open("return.txt").readlines()
data = []
for line in file:
    row = []
    acum = ""
    for char in line:
        if char != " ":
            acum += char
        if char == " " and len(acum) != 0:
            row.append(float(acum))
            acum = ""
    if acum != "":
        row.append(float(acum))
    data.append(row)

data = np.array(data, dtype=np.float)
```

Use Wilcoxon RankSum Test to check which assets are not drawn from the same distribution. As seen in the matrix, the elements that are not drawn from the same distribution are: - Assets 3 and Assets 6 - Assets 5 and Assets 6

```
[63]: sample = data[:550, :]

# Wilcoxon ranksum test
```

```

results = np.ones((sample.shape[1], sample.shape[1]))
for i in range(sample.shape[1]):
    for j in range(sample.shape[1]):
        if i == j:
            continue
        _, results[i, j] = st.ranksums(sample[:, i], sample[:, j])

# Result of test
alpha = 0.05
print((results <= alpha).astype(np.int))

```

```

[[0 0 0 0 0 0 0 0 0]
 [0 0 0 0 0 0 0 0 0]
 [0 0 0 0 1 0 0 0 0]
 [0 0 0 0 0 0 0 0 0]
 [0 0 0 0 0 1 0 0 0]
 [0 0 0 0 0 1 0 0 0]
 [0 0 1 0 1 0 0 0 0]
 [0 0 0 0 0 0 0 0 0]
 [0 0 0 0 0 0 0 0 0]
 [0 0 0 0 0 0 0 0 0]
 [0 0 0 0 0 0 0 0 0]]

```

### 1.2.1 Probability Density Function

Here `kernel_density` estimates the density to a pair of data calculating the Kernel by using different methods. 1. `method = 0` uses the Uniform method. 2. `method = 1` uses the Triangular method. 3. `method = 2` uses the Epanechnikov method. 4. `method = 3` uses the Bi-squared method 5. `method = 4` uses the Gaussian method.

```

[64]: # method =
## 0 -> Uniform
## 1 -> Triangular
## 2 -> Epanechnikov
## 3 -> Bi-squared
## 4 -> Gaussian
def kernel_density(x, data, h, method=0):
    m = data.size
    u = (x - data) / h

    if h <= 0:
        h = data.std(ddof=1) * (4 / (3*m))**(1 / 5)
    ind = np.logical_and(-1 < u, u < 1).astype(np.int)
    if method == 0:
        I = 0.5 * ind
    elif method == 1:
        I = (1 - np.abs(u)) * ind
    elif method == 2:

```

```

    I = 0.75 * (1 - u ** 2) * ind
elif method == 3:
    I = (15 / 16) * (1 - 2 * u ** 2 + u ** 4) * ind
else:
    I = ((1 / np.sqrt(2*np.pi)) * np.exp(-0.5 * u ** 2))

return 1 / (m * h) * I.sum()

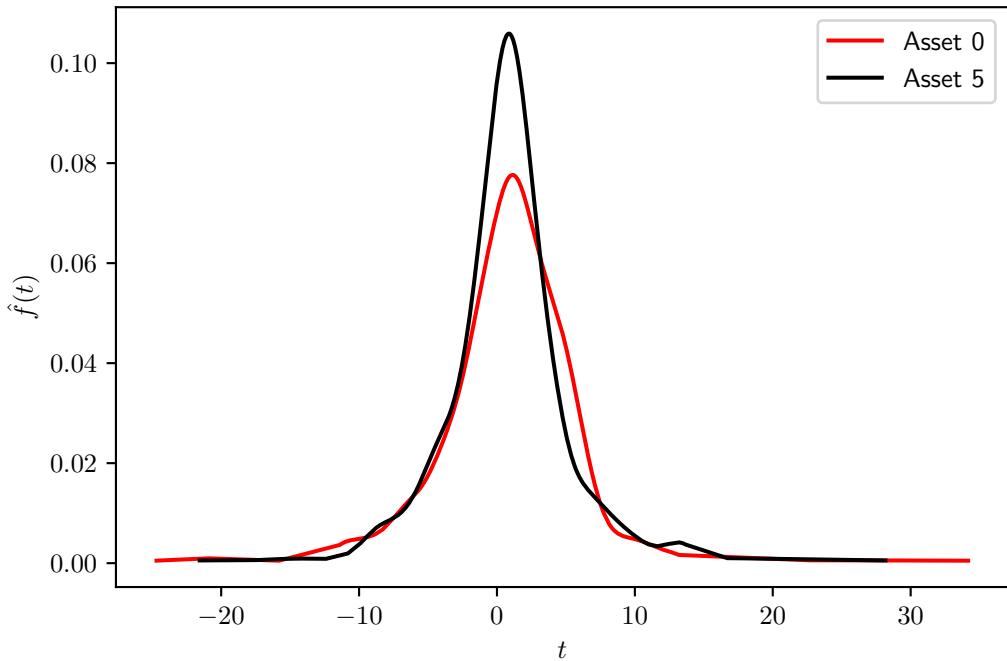
# Estimate the probability density function for a given sample
def estimate_density(sample, h, method=0, xs=None):
    if xs is None:
        xs = np.sort(sample)
    density = np.zeros(xs.size)
    i = 0
    for x in xs:
        density[i] = kernel_density(x, sample, h, method=method)
        i += 1
    return xs, density

```

Comparison of the probability density function of two samples that pass the Wilcoxon test, i.e. that there is evidence to affirm that the samples are drawn from the same distribution.

```
[135]: # Assets that pass the test
xs0, density_0 = estimate_density(sample[:, 0], -1, method=4)
xs1, density_1 = estimate_density(sample[:, 5], -1, method=4)

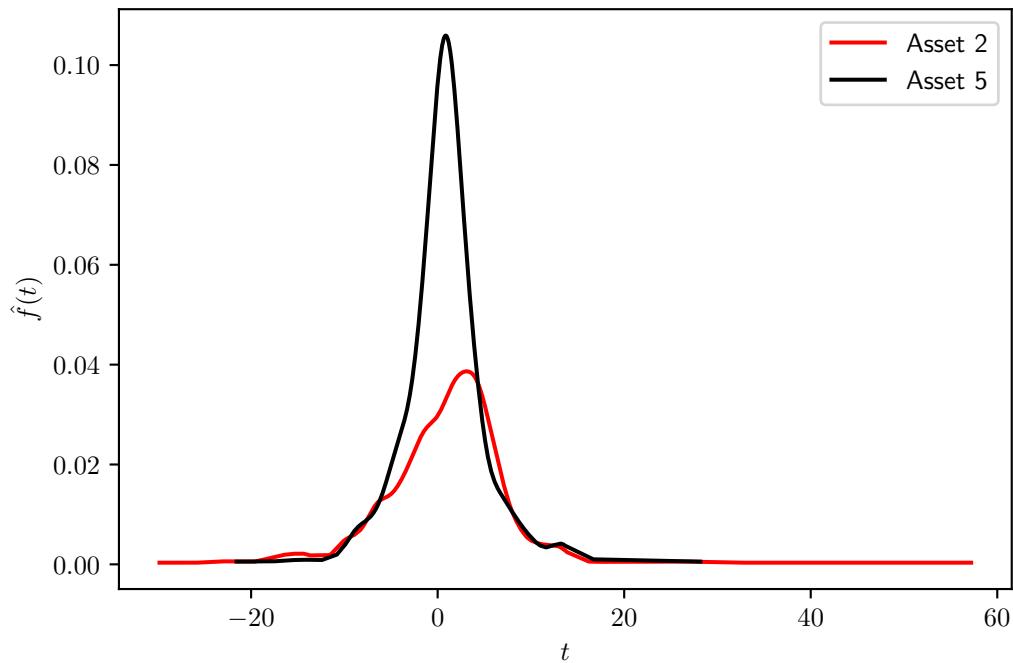
# Plotting
plt.plot(xs0, density_0, 'r', label="Asset 0")
plt.plot(xs1, density_1, "k", label="Asset 5")
plt.legend()
plt.ylabel("$\hat{f}(t)$")
plt.xlabel("$t$")
plt.savefig(dir_fig("kernel_assets.pdf"), bbox_inches='tight')
plt.show()
```



Comparison of the probability density function of two samples that do not pass the Wilcoxon test, i.e. that there is evidence to reject that the samples are drawn from the same distribution.

```
[66]: # Assets that do not pass the test
xs2, density_2 = estimate_density(sample[:, 2], -1, method=4)
xs5, density_5 = estimate_density(sample[:, 5], -1, method=4)

plt.plot(xs2, density_2, 'r', label="Asset 2")
plt.plot(xs5, density_5, "k", label="Asset 5")
plt.legend()
plt.ylabel("$\hat{f}(t)$")
plt.xlabel("$t$")
plt.savefig(dir_fig("kernel_assets_not.pdf"), bbox_inches='tight')
plt.show()
```

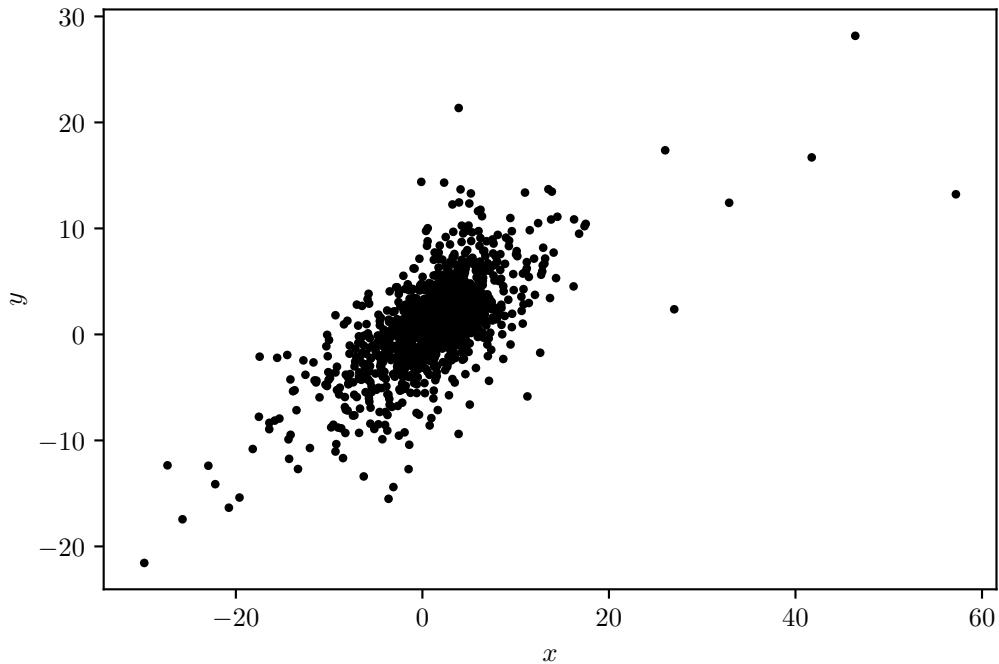


### 1.2.2 Regression Model

Extraction of data that do not pass the Wilcoxon Rank Sum test. The assets chosen are the Asset 3 and the Asset 6.

```
[67]: # Regression model
x = data[:, 2]
y = data[:, 5]

plt.scatter(x, y, color="k", s=5)
plt.xlabel("$x$")
plt.ylabel("$y$")
plt.savefig(dir_fig("scatter_xy.pdf"), bbox_inches='tight')
plt.show()
```



Functions for constructing the regression model.

`plot_regression_model` plots a regression model, using the estimated parameters and `regression_model` finds the parameters by a **non-robust** covariance matrix and plots the data with the estimated linear model.

```
[68]: # Plot the regression model, given the estimated parameters.
def plot_regression_model(x, y, title, beta0, beta1):
    xs = np.linspace(x.min(), x.max(), 1000)
    ys = (beta0 + beta1 * xs).reshape(xs.size)
    plt.plot(xs, ys, "r")
    plt.scatter(x, y, color="k", s=5)
    plt.xlabel("$x$")
    plt.ylabel("$y$")
    plt.savefig(dir_fig(title), bbox_inches='tight')
    plt.show()

# Construct the regression model and plot the data with it's linear model.
def regression_model(x, y, title):
    # Fitting model
    model = sm.OLS(y, x)
    results = model.fit()
    print(results.summary())

    # Finding parameters
```

```

beta1 = results.params
beta0 = y.mean() - beta1 * x.mean()

# Plotting
plot_regression_model(x, y, title, beta0, beta1)

return results

```

Result and plotting of the **non-robust** linear model with the original data.

[69]: `_ = regression_model(x, y, "scatter_vs_model.pdf")`

```

OLS Regression Results
=====
Dep. Variable: y R-squared (uncentered): 0.483
Model: OLS Adj. R-squared (uncentered): 0.482
Method: Least Squares F-statistic: 1043.
Date: Wed, 20 May 2020 Prob (F-statistic): 3.33e-162
Time: 11:06:56 Log-Likelihood: -2941.2
No. Observations: 1119 AIC: 5884.
Df Residuals: 1118 BIC: 5889.
Df Model: 1
Covariance Type: nonrobust
=====

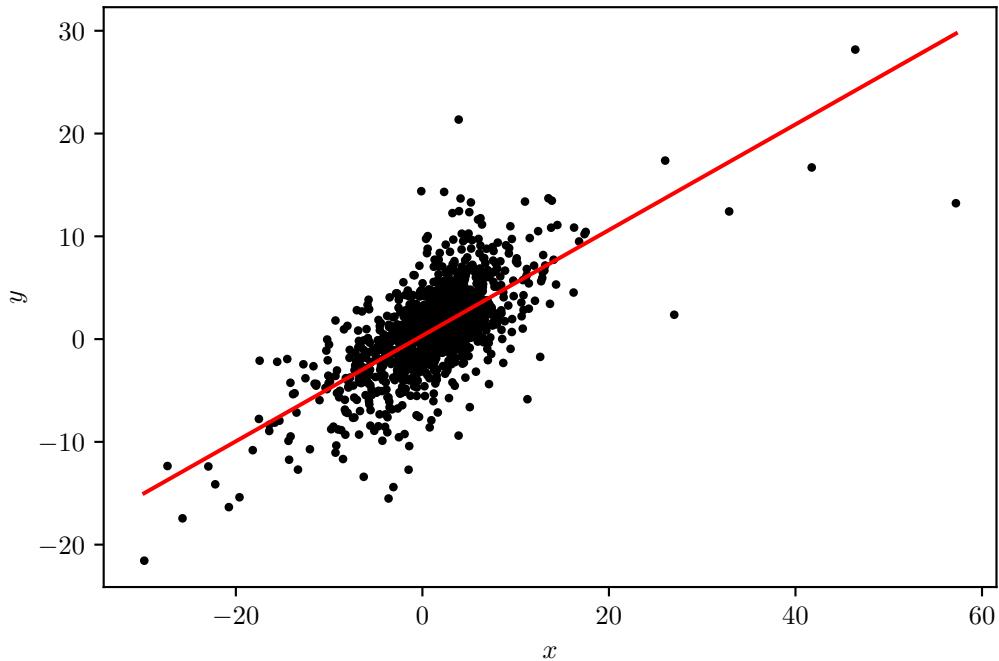
      coef    std err          t      P>|t|      [0.025      0.975]
-----  

x1      0.5139    0.016     32.298      0.000      0.483      0.545
=====

Omnibus: 76.376 Durbin-Watson: 1.853
Prob(Omnibus): 0.000 Jarque-Bera (JB): 344.577
Skew: -0.023 Prob(JB): 1.50e-75
Kurtosis: 5.718 Cond. No. 1.00
=====
```

Warnings:

[1] Standard Errors assume that the covariance matrix of the errors is correctly specified.



### 1.2.3 Outlier Removal

Functions to calculate statistical depth are presented here. 1. `depth_tukey` calculates the statistical depth using Tukey (1975) method. 2. `depth_mahal` calculates the statistical depth using the Mahalanobis (1936) distance.

Finally, `remove_outliers` removes the 15% of the points with the least statistical depth.

```
[70]: # Tukey statistical depth
def depth_tukey(point, data, n):
    r, c = data.shape

    u = np.random.normal(size=(c, n))

    # Calculate scalars
    scalar = data.dot(u)

    scalar2 = point.dot(u)

    replic = np.ones((r, 1)).dot(scalar2)
    diff = scalar - replic
    diff_indicator = (diff > 0).astype(np.int)

    return diff_indicator.mean(axis=0).min()
```

```

# Mahalanobis distance
def mahal(u, v, inv_matrix):
    distance = []

    for i in range(u.shape[0]):
        distance.append(mh(u[i, :], v, inv_matrix) ** 2)
    distance = np.array(distance)

    return distance


# Mahalanobis statistical depth
def depth_mahal(point, data):
    mean = data.mean(axis=0)
    if point.ndim == 1:
        point = point.reshape((1, data.shape[1]))

    inv_cov = np.linalg.inv(np.cov(data.transpose()))

    depth = 1 / (1 + mahal(point, mean, inv_cov))

    return depth


# Finding depth of each point
def remove_outliers(x, y, method=0):
    depths = []
    points = np.array([x, y]).transpose()
    for j in range(x.size):
        point = np.array([[x[j], y[j]]])
        if method == 0:
            depth = depth_tukey(point, points, 300)
        else:
            depth = depth_mahal(point, points)
        depths.append(depth)

    depths = np.array(depths)
    new_data = points.tolist()
    depths_aux = depths.copy()

    max_depth = depths.max()
    indexes = []
    for i in range(int(0.15 * len(depths))):
        min_index = depths_aux.argmin()
        indexes.append(min_index)

```

```

    depths_aux[min_index] = max_depth

    indexes = list(sorted(indexes, reverse=True))
    for i in indexes:
        new_data.pop(i)

    return np.array(new_data)

```

Removing outliers using **Tukey** method and plotting the new data with it's non-robust linear regression model.

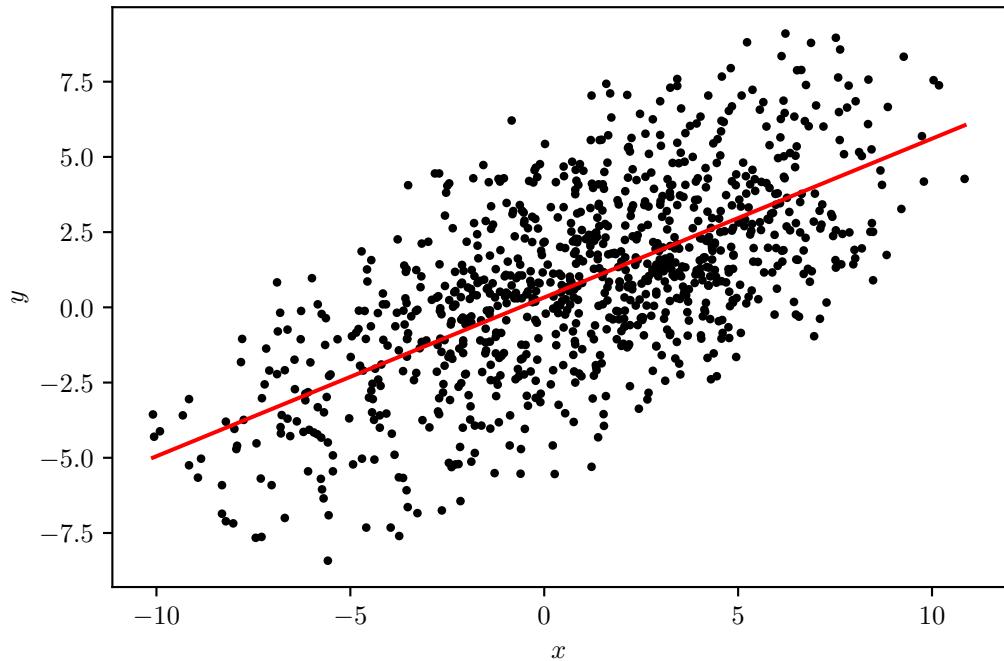
```
[72]: new_data = remove_outliers(x, y)
results = regression_model(new_data[:, 0], new_data[:, 1], ↴
                           "scatter_vs_model_tukey.pdf")
```

```

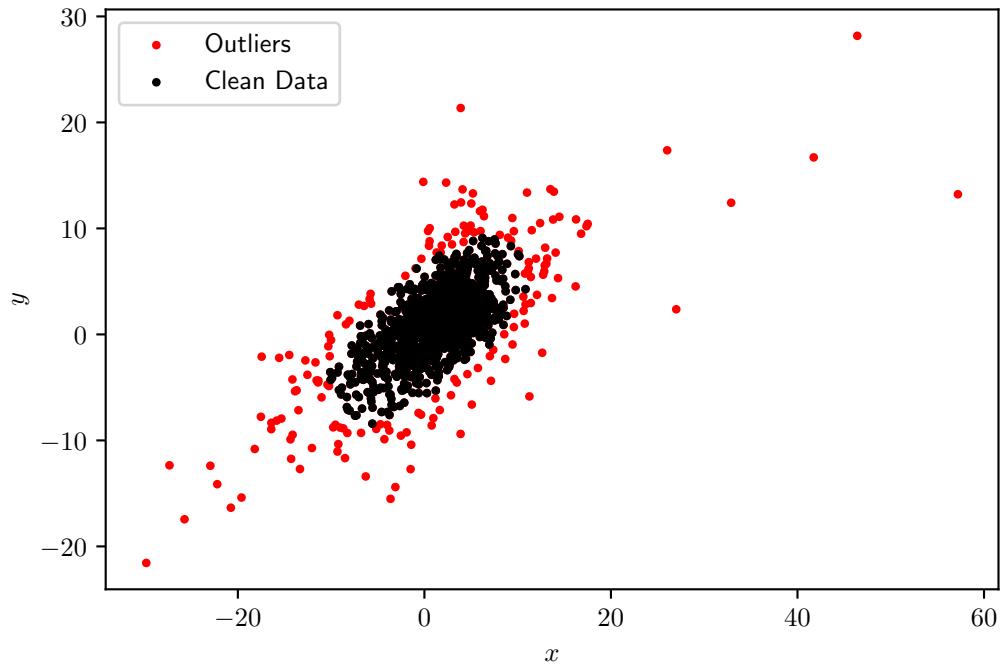
OLS Regression Results
=====
=====
Dep. Variable:                  y      R-squared (uncentered):   0.442
Model:                          OLS      Adj. R-squared (uncentered): 0.441
Method: Least Squares          F-statistic:                   752.2
Date:   Wed, 20 May 2020       Prob (F-statistic):  1.77e-122
Time:   11:07:15              Log-Likelihood: -2195.8
No. Observations:               952      AIC:                   4394.
Df Residuals:                  951      BIC:                   4398.
Df Model:                      1
Covariance Type:               nonrobust
=====
            coef    std err          t      P>|t|      [0.025      0.975]
-----
x1      0.5278     0.019     27.426     0.000      0.490      0.566
=====
Omnibus:                 7.497      Durbin-Watson:           1.865
Prob(Omnibus):             0.024      Jarque-Bera (JB):      5.565
Skew:                     0.061      Prob(JB):                0.0619
Kurtosis:                  2.646      Cond. No.                  1.00
=====
```

Warnings:

[1] Standard Errors assume that the covariance matrix of the errors is correctly specified.



```
[136]: plt.scatter(x, y, color="r", label="Outliers", s=5)
plt.scatter(new_data[:, 0], new_data[:, 1], color="k", label="Clean Data", s=5)
plt.xlabel("$x$")
plt.ylabel("$y$")
plt.legend()
plt.savefig(dir_fig("scatter_vs_outliers.pdf"), bbox_inches='tight')
plt.show()
```



Removing outliers using **Mahalanobis** distance and plotting the new data with it's non-robust linear regression model.

```
[73]: new_data_mahal = remove_outliers(x, y, method=1)
results = regression_model(new_data_mahal[:, 0], new_data_mahal[:, 1], ↴
    "scatter_vs_model_mahal.pdf")
```

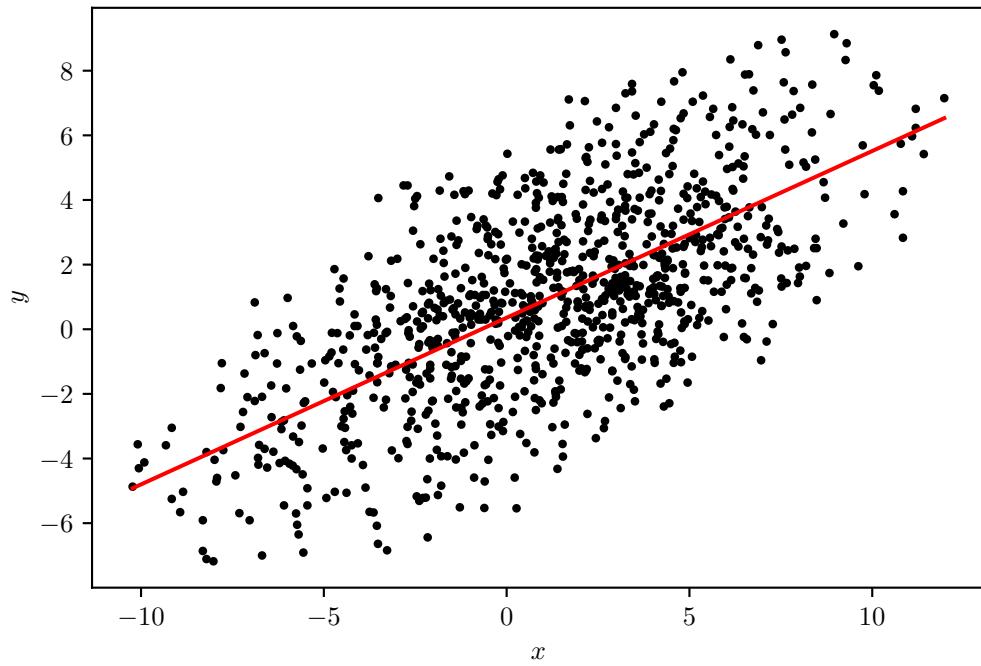
#### OLS Regression Results

```
=====
=====
Dep. Variable:          y      R-squared (uncentered):   0.464
Model:                 OLS      Adj. R-squared (uncentered): 0.463
Method:                Least Squares      F-statistic: 821.8
Date:      Wed, 20 May 2020      Prob (F-statistic): 9.18e-131
Time:      11:07:26      Log-Likelihood: -2166.0
No. Observations:      952      AIC: 4334.
Df Residuals:          951      BIC: 4339.
Df Model:                  1
```

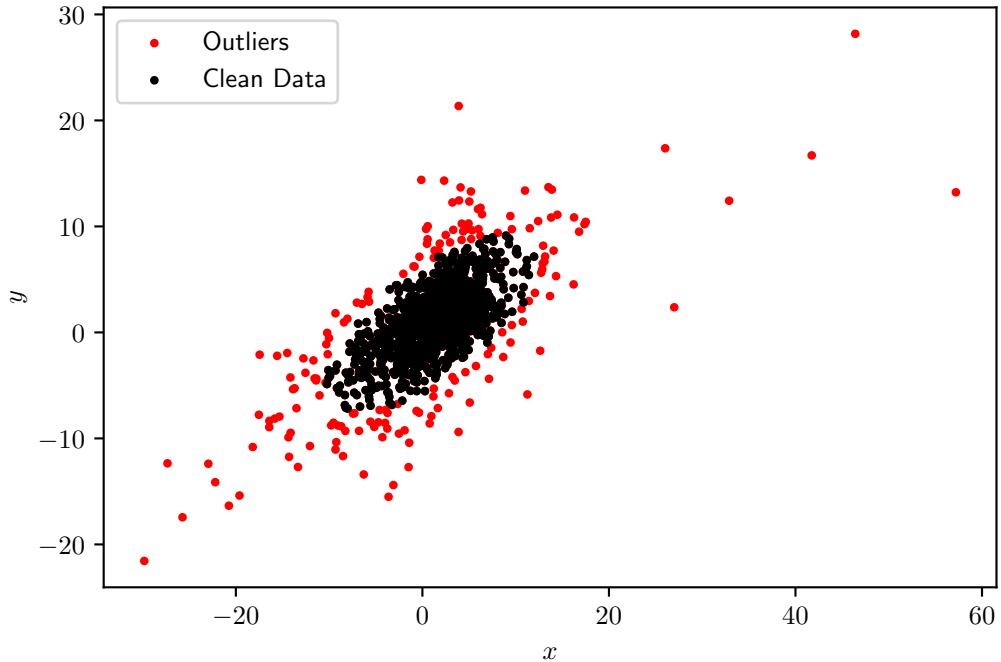
```
Covariance Type: nonrobust
=====
      coef    std err      t      P>|t|      [0.025      0.975]
-----
x1      0.5158    0.018    28.668      0.000      0.480      0.551
=====
Omnibus:            12.941   Durbin-Watson:        1.859
Prob(Omnibus):      0.002   Jarque-Bera (JB):    8.469
Skew:               0.072   Prob(JB):           0.0145
Kurtosis:            2.561   Cond. No.          1.00
=====
```

Warnings:

[1] Standard Errors assume that the covariance matrix of the errors is correctly specified.



```
[75]: plt.scatter(x, y, color="r", label="Outliers", s=5)
plt.scatter(new_data_mahal[:, 0], new_data_mahal[:, 1], color="k", label="Clean_"
            ↪Data", s=5)
plt.xlabel("$x$")
plt.ylabel("$y$")
plt.legend()
plt.savefig(dir_fig("scatter_vs_outliers_mahal.pdf"), bbox_inches='tight')
plt.show()
```



**Outliers with Residual** The function `remove_outliers_residuals` removes 15% of the points with maximum residuals. In each iteration a point is removed and a new non-robust linear regression model is created.

```
[76]: def remove_outliers_residuals(x, y, results):
    points = np.array([x, y]).transpose()
    residuals = np.abs(results.resid)
    data_aux = points.tolist()

    indexes = []
    for i in range(int(0.15 * len(data_aux))):
        max_index = residuals.argmax()
        data_aux.pop(max_index)

        data_aux = np.array(data_aux)
        residuals = np.abs(sm.OLS(data_aux[:, 1], data_aux[:, 0]).fit().resid)
        data_aux = data_aux.tolist()

    return np.array(data_aux)
```

Plotting of data by removing outliers using the previous function.

```
[77]: data_aux = remove_outliers_residuals(x, y, results)
_ = regression_model(data_aux[:, 0], data_aux[:, 1], "scatter_vs_model_resid.
↪pdf")
```

OLS Regression Results  
=====

Dep. Variable: y R-squared (uncentered): 0.620  
 Model: OLS Adj. R-squared (uncentered): 0.619  
 Method: Least Squares F-statistic: 1550.  
 Date: Wed, 20 May 2020 Prob (F-statistic): 6.56e-202  
 Time: 11:07:34 Log-Likelihood: -2061.4  
 No. Observations: 952 AIC: 4125.  
 Df Residuals: 951 BIC: 4130.  
 Df Model: 1  
 Covariance Type: nonrobust  
=====

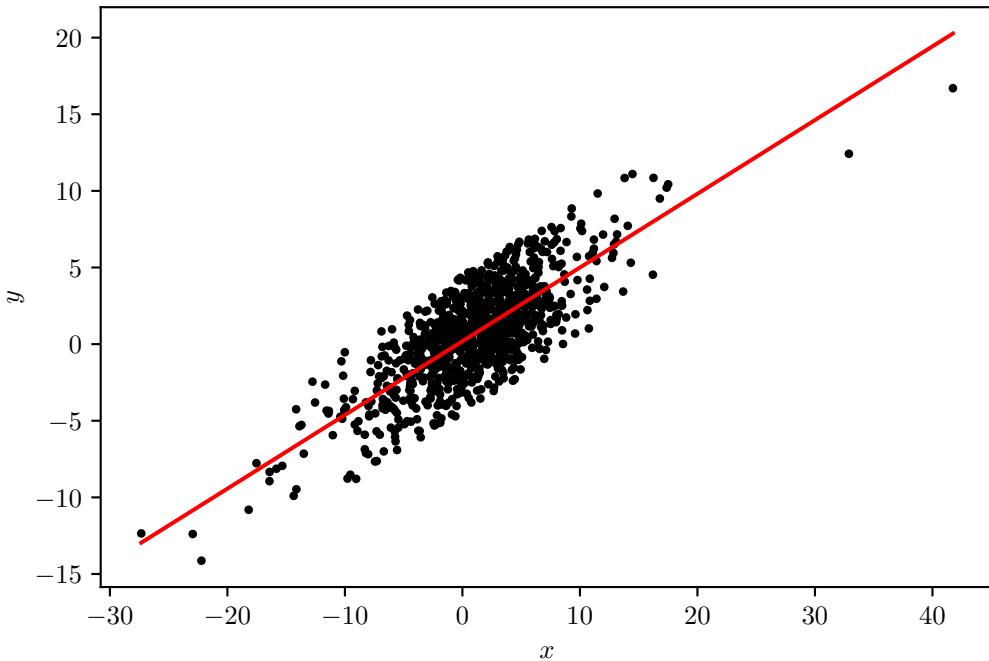
	coef	std err	t	P> t	[0.025	0.975]
x1	0.4810	0.012	39.373	0.000	0.457	0.505

=====

Omnibus: 39.411 Durbin-Watson: 1.870  
 Prob(Omnibus): 0.000 Jarque-Bera (JB): 17.708  
 Skew: -0.066 Prob(JB): 0.000143  
 Kurtosis: 2.345 Cond. No. 1.00  
=====

Warnings:

[1] Standard Errors assume that the covariance matrix of the errors is correctly specified.



#### 1.2.4 Robust Linear Regression

Here functions to calculate a robust linear regression and the significance of each parameter is presented. 1. `cov_linear_regression` is a function that estimates the parameter  $\beta_1$  using a robust covariance matrix. 1. `method = 0` uses the comedian matrix. 2. `method = 1` uses the covariance matrix calculated by using the Spearman (1904) rank correlation coefficient matrix. 3. `method = 2` uses the covariance matrix calculated by using the Kendall (1948) rank correlation coefficient matrix. 4. `method = 3` uses the covariance matrix calculated by the Fast MCD algorithm created by Rousseeuw (1999). 5. `method = 4` uses the covariance matrix calculated by the Shrinkages algorithm created by Ledoit (2012).

```
[147]: # Generic method to convert from correlation matrix to covariance matrix
def corr_to_cov(data, correlation):
    stds = data.std(axis=0, ddof=1)

    cov = np.zeros(correlation.shape)
    for i in range(correlation.shape[0]):
        for j in range(correlation.shape[1]):
            cov[i, j] = correlation[i, j] * stds[i] * stds[j]

    return cov

# Calculate comedian for two vectors
def comedian(u, v):
```

```

median_u = np.quantile(u, 0.5)
median_v = np.quantile(v, 0.5)

aux = (u - median_u) * (v - median_v)

return np.quantile(aux, 0.5)

# Calculate comedian matrix
def calculate_com(sample):
    com = np.zeros((sample.shape[1], sample.shape[1]))
    for i in range(sample.shape[1]):
        for j in range(sample.shape[1]):
            com[i, j] = comedian(sample[:, i], sample[:, j])

    return com

# method =
#     0 -> Spearman
#     1 -> Kendall
def calculate_cov_corr(sample, method=0):
    if method == 0:
        # Calculate Spearman
        spearman = pd.DataFrame(sample).corr(method="spearman").to_numpy()
        cov = corr_to_cov(sample, spearman)
    else:
        # Calculate Kendall
        kendall = pd.DataFrame(sample).corr(method="kendall").to_numpy()
        cov = corr_to_cov(sample, kendall)

    return cov

# Calculate covariance of MCD
def calculate_cov_MCD(sample):
    return MinCovDet().fit(sample).covariance_

# Calculate covariance of shrinkages
def calculate_cov_shrinkages(sample):
    return LedoitWolf().fit(sample).covariance_

# Calculate linear regression with different covariance matrix
#     method =
#         0 -> Comedian matrix
#         1 -> Spearman
#         2 -> Kendall
#         3 -> FastMCD
#         4 -> Shrinkages
def cov_linear_regression(x, y, method=0):

```

```

if x.ndim == 1:
    x_aux = x.reshape((x.size, 1))
else:
    x_aux = x

method_1 = method - 1
if method == 0:
    calculation = lambda matrix: calculate_com(matrix)
elif method in range(1, 3):
    calculation = lambda matrix: calculate_cov_corr(matrix, method=method_1)
elif method == 3:
    calculation = lambda matrix: calculate_cov_MCD(matrix)
else:
    calculation = lambda matrix: calculate_cov_shrinkages(matrix)

cov_x = calculation(x_aux)
covs = []
for i in range(x_aux.shape[1]):
    sample = np.array([x_aux[:,i], y]).transpose()

    cov_xy = calculation(sample)[1, 0]

    covs.append([cov_xy])
covs = np.array(covs)

beta1 = np.linalg.inv(cov_x).dot(covs)
return beta1

# Percentile interval methods
def percentile_interval(stats, alpha, og):
    theta_alpha_inf = np.quantile(stats, (1 - alpha / 2))
    theta_alpha_sup = np.quantile(stats, alpha / 2)
    interval = (2*og - theta_alpha_inf, 2*og - theta_alpha_sup)

    return interval

# Bootstrap inference for significance of parameters
def bootstrap_inference(x, y, nboot, beta_og, alpha=0.05, method=0):
    def betas(sample):
        beta0 = cov_linear_regression(sample[:, 0], sample[:, 1], method=method)

        beta1 = sample[:, 1].mean() - beta0 * sample[:, 0].mean()

        return (beta0[0, 0], beta1[0, 0])

    samples = []

```

```

indexes = range(x.size)
for i in range(nboot):
    index_choice = np.random.choice(indexes, size=x.size)
    sample = np.array([x[index_choice], y[index_choice]]).transpose()
    samples.append(sample)

params = np.array(list(map(lambda x: betas(x), samples)))
interval_0 = percentile_interval(params[:, 0], alpha, beta_og[0])
interval_1 = percentile_interval(params[:, 1], alpha, beta_og[1])

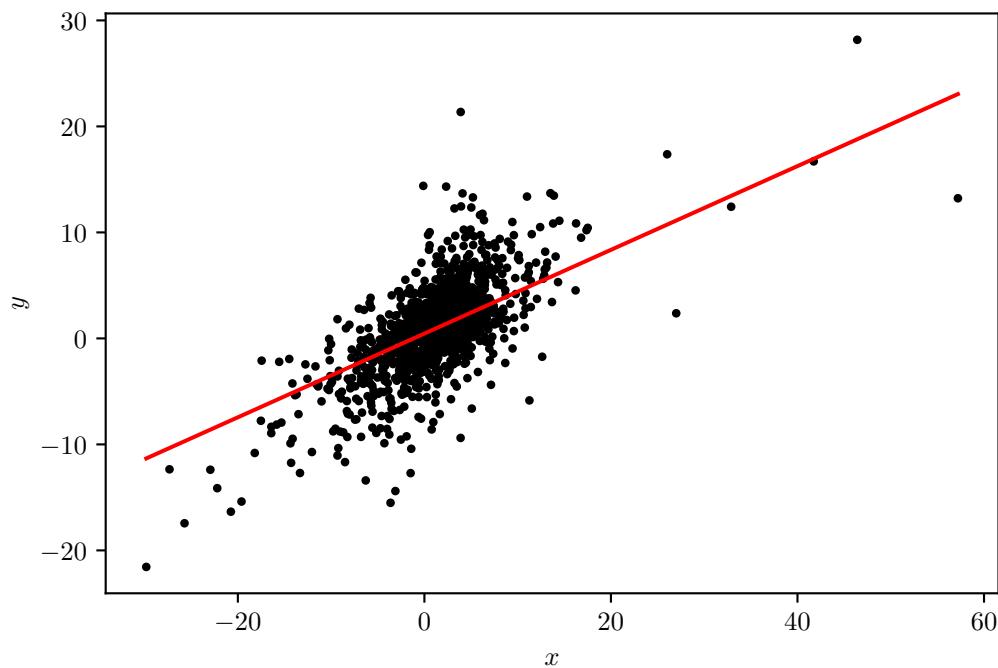
if interval_0[0] <= 0 <= interval_0[1]:
    print(bold + "beta_0:" + end, red + "Is not significant." + end)
else:
    print(bold + "beta_0:" + end, blue + "Is significant!" + end)

if interval_1[0] <= 0 <= interval_1[1]:
    print(bold + "beta_1:" + end, red + "Is not significant" + end)
else:
    print(bold + "beta_1:" + end, blue + "Is significant!" + end)

```

Linear regression and bootstrap inference using the **comedian** matrix.

```
[79]: # Comedian
beta1_cm = cov_linear_regression(x, y, method=0)
beta0_cm = y.mean() - beta1_cm * x.mean()
plot_regression_model(x, y, "scatter_vs_model_com.pdf", beta0_cm, beta1_cm)
```

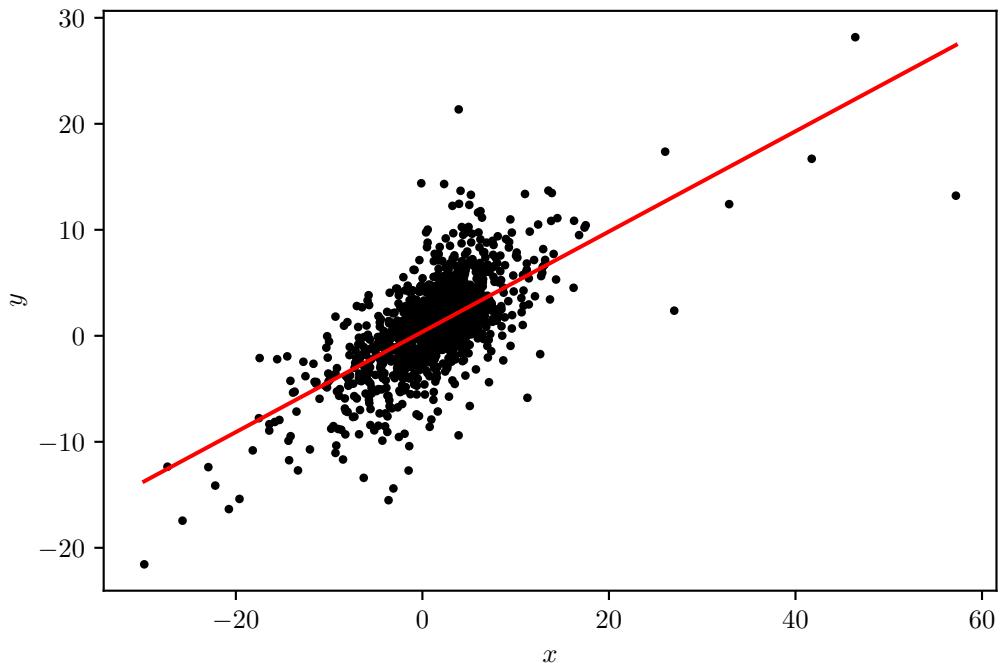


```
[144]: print(header)
print(bold + "Significance of parameters using the comedian matrix:" + end)
bootstrap_inference(x, y, 1000, (beta0_cm, beta1_cm), method=0)
```

```
=====
Significance of parameters using the comedian matrix:
beta_0: Is significant!
beta_1: Is significant!
```

Linear regression and bootstrap inference using the **Spearman** rank correlation coefficient matrix.

```
[81]: # Spearman
beta1_sp = cov_linear_regression(x, y, method=1)
beta0_sp = y.mean() - beta1_sp * x.mean()
plot_regression_model(x, y, "scatter_vs_model_spearman.pdf", beta0_sp, beta1_sp)
```

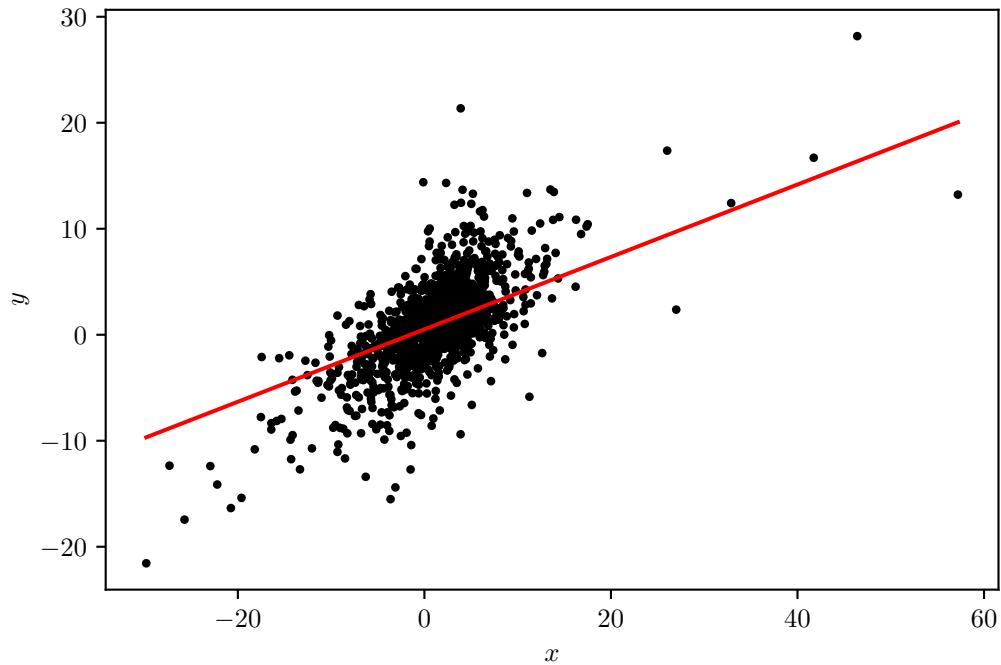


```
[145]: print(header)
print(bold + "Significance of parameters using Spearman:" + end)
bootstrap_inference(x, y, 1000, (beta0_sp, beta1_sp), method=1)
```

```
=====
Significance of parameters using Spearman:
beta_0: Is significant!
beta_1: Is significant!
```

Linear regression and bootstrap inference using the **Kendall** rank correlation coefficient matrix.

```
[83]: # Kendall
beta1_k = cov_linear_regression(x, y, method=2)
beta0_k = y.mean() - beta1_k * x.mean()
plot_regression_model(x, y, "scatter_vs_model_kendall.pdf", beta0_k, beta1_k)
```

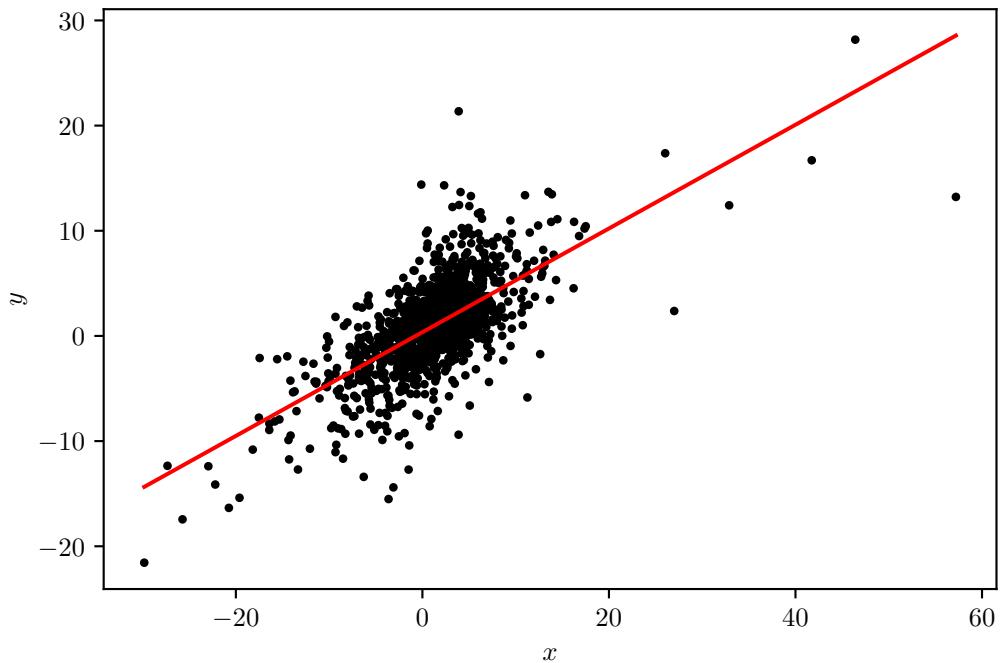


```
[148]: print(header)
print(bold + "Significance of parameters using Kendall:" + end)
bootstrap_inference(x, y, 1000, (beta0_k, beta1_k), method=2)
```

```
=====
Significance of parameters using Kendall:
beta_0: Is significant!
beta_1: Is not significant
```

Linear regression and bootstrap inference using the **Fast MCD algorithm**.

```
[88]: # Fast MCD
beta1_mcd = cov_linear_regression(x, y, method=3)
beta0_mcd = y.mean() - beta1_mcd * x.mean()
plot_regression_model(x, y, "scatter_vs_model_mcd.pdf", beta0_mcd, beta1_mcd)
```

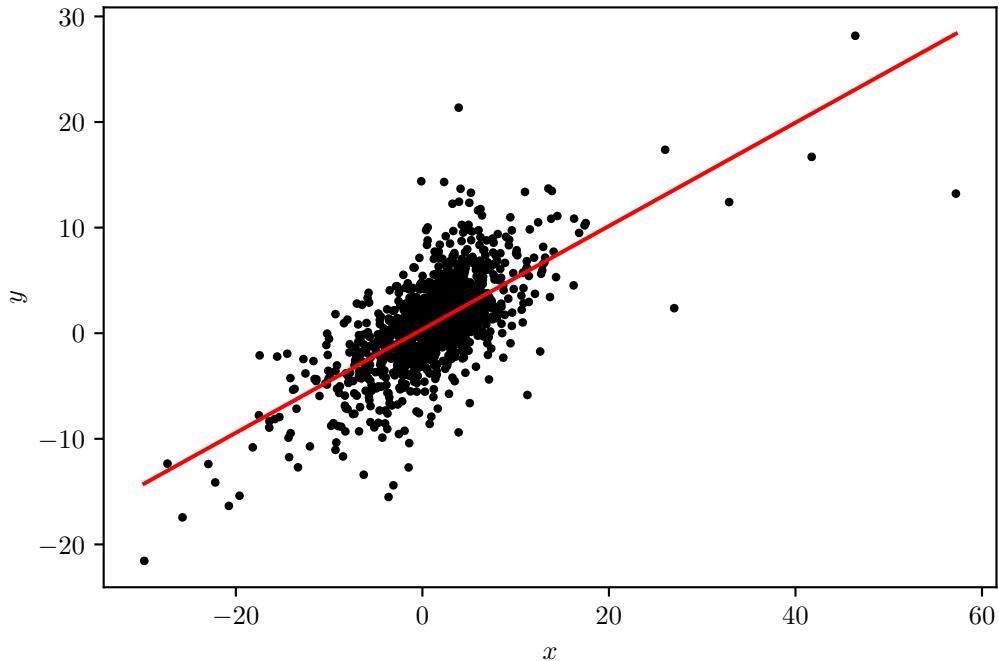


```
[157]: print(header)
print(bold + "Significance of parameters using Fast MCD:" + end)
bootstrap_inference(x, y, 500, (beta0_mcd, beta1_mcd), method=3)
```

```
=====
Significance of parameters using Fast MCD:
beta_0: Is significant!
beta_1: Is significant!
```

Linear regression and bootstrap inference using **Shrinkages**.

```
[90]: # Shrinkages
beta1_sh = cov_linear_regression(x, y, method=4)
beta0_sh = y.mean() - beta1_sh * x.mean()
plot_regression_model(x, y, "scatter_vs_model_shrinkages.pdf", beta0_sh, ↴
beta1_sh)
```



```
[151]: print(header)
print(bold + "Significance of parameters using Shrinkages:" + end)
bootstrap_inference(x, y, 1000, (beta0_sh, beta1_sh), method=4)
```

```
=====
Significance of parameters using Shrinkages:
beta_0: Is significant!
beta_1: Is significant!
```

### 1.3 Mixture

A mixture is created by creating two uniform random variables  $x^a, x^b$  and joining them to create the following two random variables:

$$X \sim 0.2U[6, 8] + 0.8U[2, 10]$$

and

$$Y \sim 0.2N[-2x^a + 10, 1] + 0.8U[2x^b + 4, 1]$$

```
[92]: n_a = 3000
n_b = 10000 - n_a

# Generate vectors
x_a = np.random.uniform(low=6, high=8, size=n_a)
```

```

x_b = np.random.uniform(low=2, high=10, size=n_a)

# Select sample of each vector
x_a_choice = np.random.choice(x_a, size=int(0.2 * x_a.size), replace=False).
    ↪tolist()
x_b_choice = np.random.choice(x_b, size=int(0.8 * x_b.size), replace=False).
    ↪tolist()

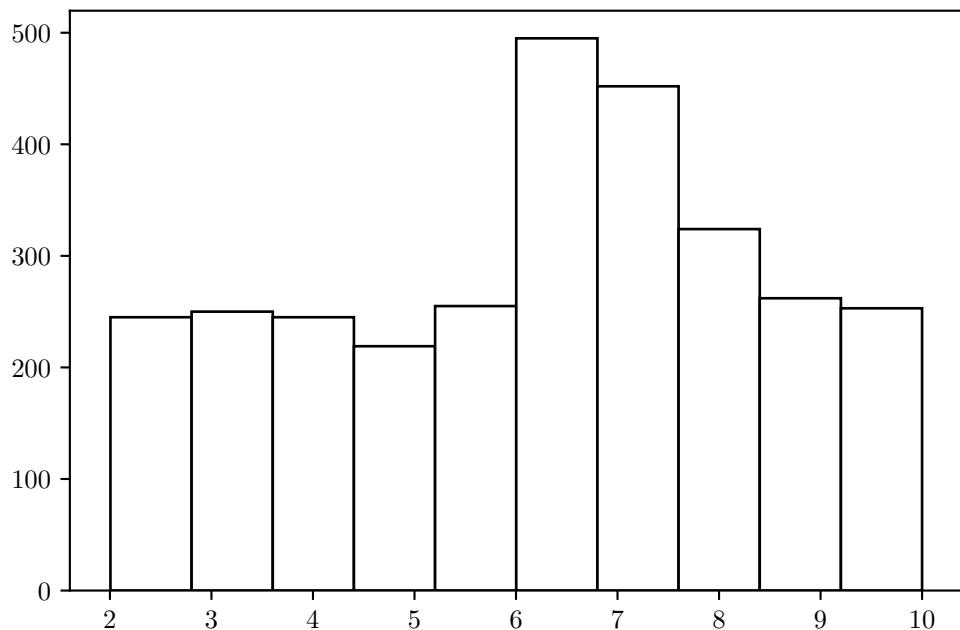
# Generate mixture
x_a_n = list(map(lambda x: np.random.normal(loc=-2*x+10), x_a_choice))
x_b_n = list(map(lambda x: np.random.normal(loc=2*x+4), x_b_choice))

mixture_x = np.array(x_a_choice + x_b_choice)
mixture_y = np.array(x_a_n + x_b_n)

```

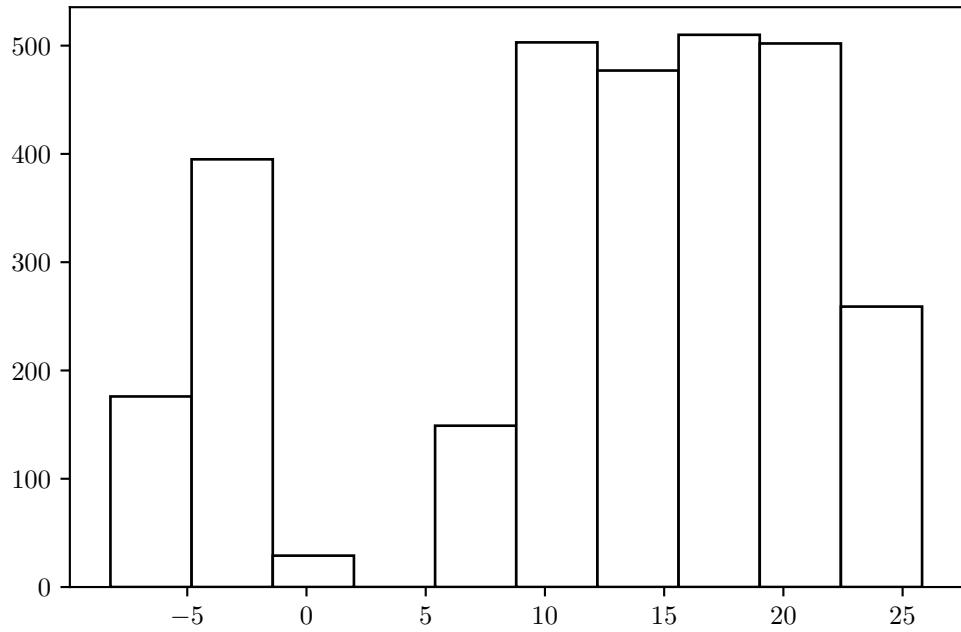
Histogram of the mixture  $X$ .

```
[93]: plt.hist(mixture_x, color='w', ec='black')
plt.savefig(dir_fig("histogram_mixture_x.pdf"), bbox_inches='tight')
plt.show()
```



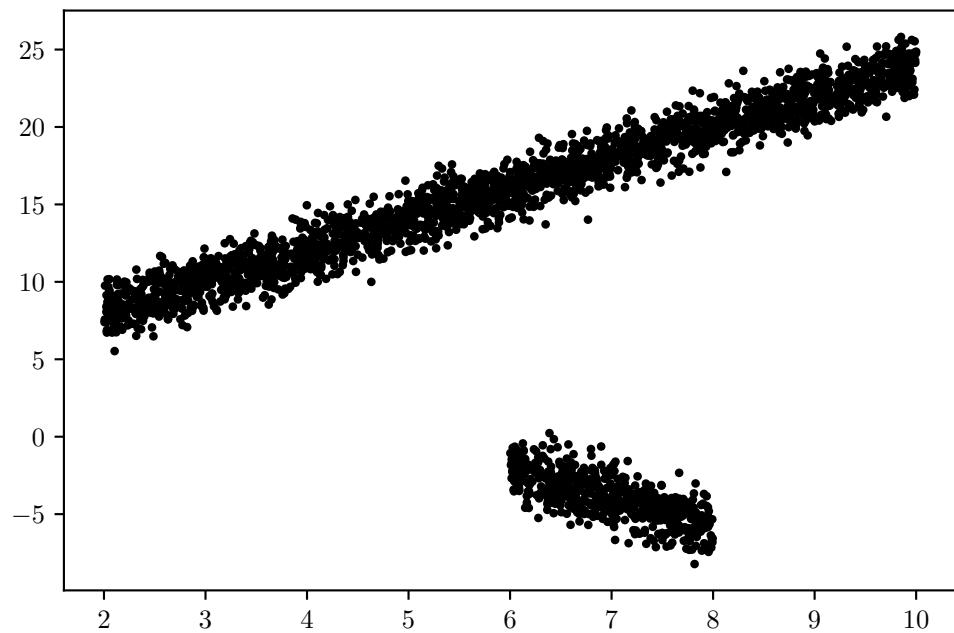
Histogram of the mixture  $Y$ .

```
[94]: plt.hist(mixture_y, color='w', ec='black')
plt.savefig(dir_fig("histogram_mixture_y.pdf"), bbox_inches='tight')
plt.show()
```



Plot of  $Y$  vs  $X$

```
[95]: plt.scatter(mixture_x, mixture_y, color='k', s=5)
plt.savefig(dir_fig("scatter_mixture.pdf"), bbox_inches='tight')
plt.show()
```



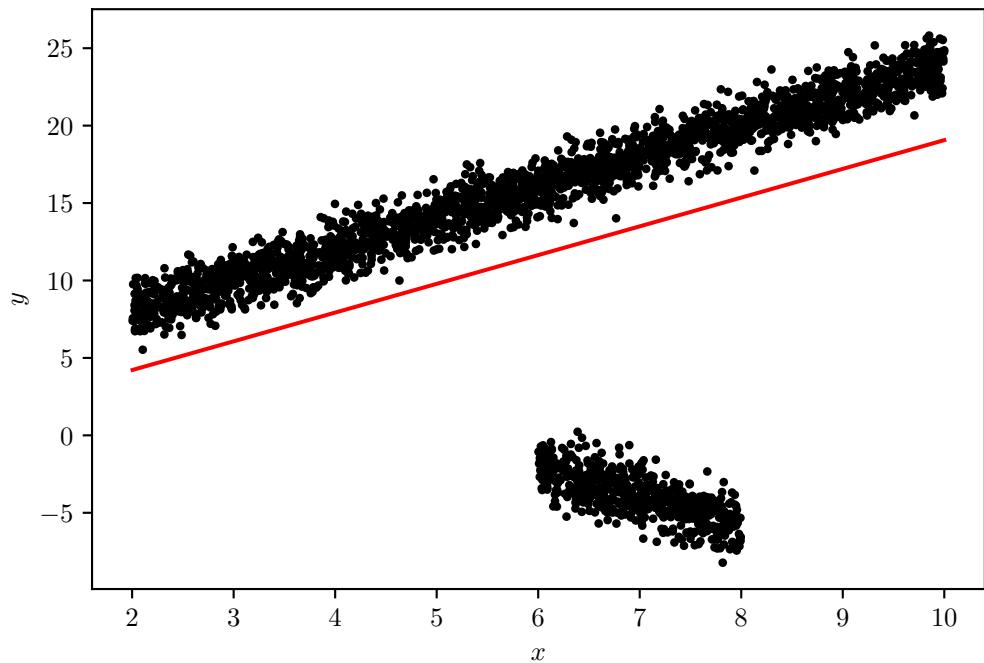
**Non-robust** regression model for the model shown.

```
[96]: _ = regression_model(mixture_x, mixture_y, "scatter_vs_model_mixture.pdf")
```

```
OLS Regression Results
=====
=====
Dep. Variable: y R-squared (uncentered): 0.654
Model: OLS Adj. R-squared (uncentered): 0.653
Method: Least Squares F-statistic: 5657.
Date: Wed, 20 May 2020 Prob (F-statistic): 0.00
Time: 11:09:10 Log-Likelihood: -10802.
No. Observations: 3000 AIC: 2.161e+04
Df Residuals: 2999 BIC: 2.161e+04
Df Model: 1
Covariance Type: nonrobust
=====
      coef    std err        t     P>|t|    [0.025    0.975]
-----
x1      1.8560    0.025    75.210    0.000    1.808    1.904
=====
Omnibus: 653.978 Durbin-Watson: 0.054
Prob(Omnibus): 0.000 Jarque-Bera (JB): 1170.787
Skew: -1.514 Prob(JB): 5.84e-255
Kurtosis: 3.449 Cond. No. 1.00
=====
```

Warnings:

[1] Standard Errors assume that the covariance matrix of the errors is correctly specified.



### 1.3.1 Outlier Removal

Removing outliers using **Tukey** method and plotting the new data with it's non-robust linear regression model.

```
[152]: new_data_mixture = remove_outliers(mixture_x, mixture_y)
results_mixture = regression_model(new_data_mixture[:, 0], new_data_mixture[:, 1],
                                     "scatter_vs_model_mixture_tukey.pdf")
```

#### OLS Regression Results

```
=====
=====
Dep. Variable:                      y      R-squared (uncentered):   0.702
Model:                            OLS      Adj. R-squared (uncentered): 0.702
Method:                           Least Squares      F-statistic:    6003.
Date:                            Wed, 20 May 2020      Prob (F-statistic): 0.00
Time:                            13:48:54      Log-Likelihood: -8985.5
No. Observations:                  2550      AIC:
```

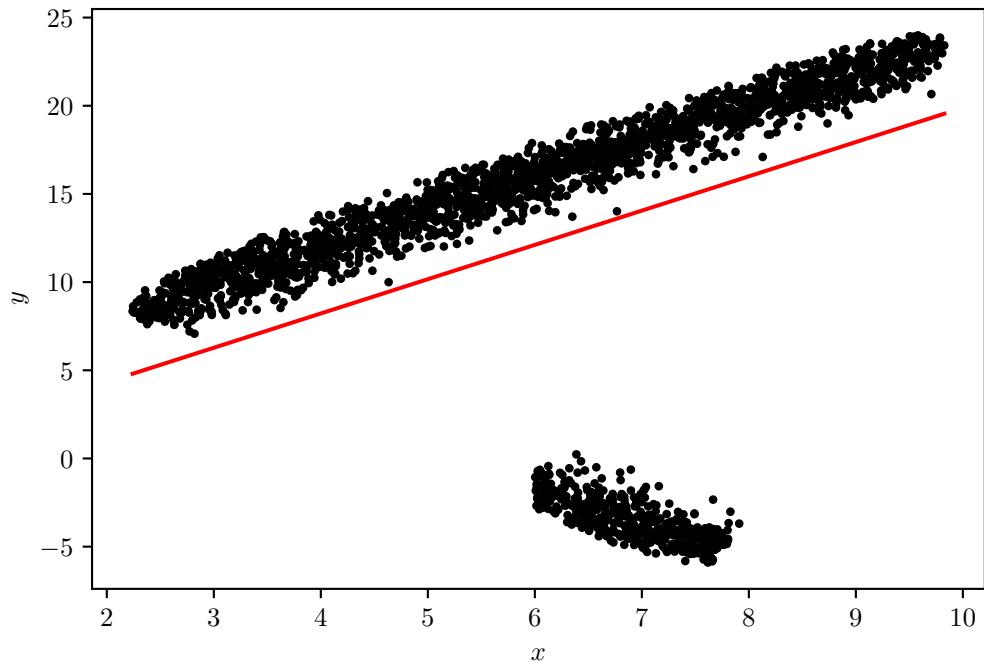
```

1.797e+04
Df Residuals:           2549   BIC:
1.798e+04
Df Model:                 1
Covariance Type:    nonrobust
=====
          coef      std err      t      P>|t|      [0.025      0.975]
-----
x1       1.9440      0.025    77.482      0.000      1.895      1.993
=====
Omnibus:        662.558   Durbin-Watson:      0.044
Prob(Omnibus):   0.000     Jarque-Bera (JB): 1288.978
Skew:          -1.676     Prob(JB):      1.26e-280
Kurtosis:        3.947     Cond. No.      1.00
=====

```

Warnings:

[1] Standard Errors assume that the covariance matrix of the errors is correctly specified.



```

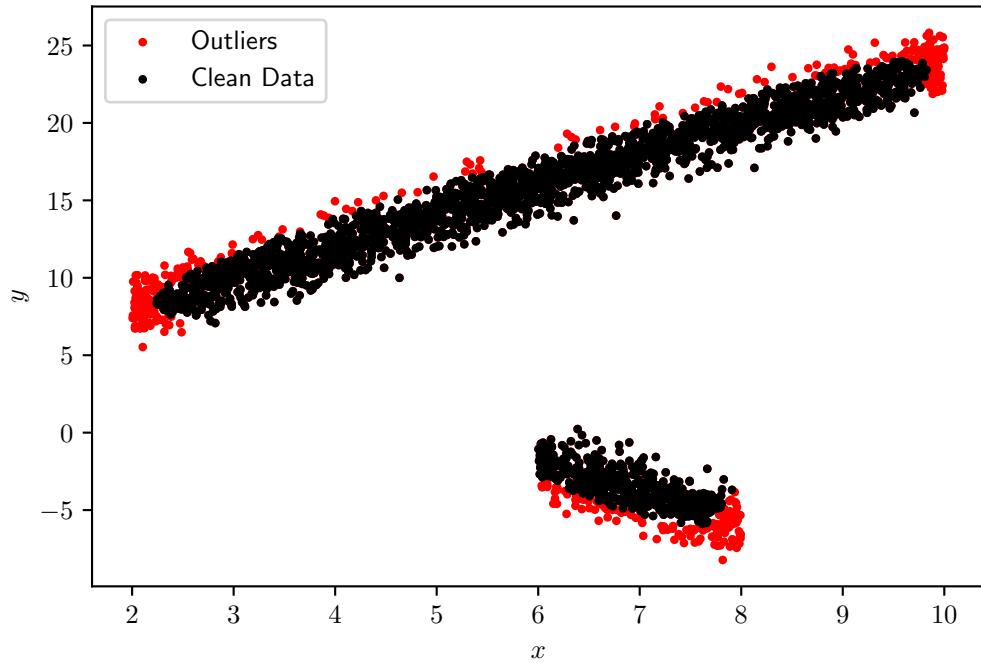
[155]: plt.scatter(mixture_x, mixture_y, color="r", label="Outliers", s=5)
plt.scatter(new_data_mixture[:, 0], new_data_mixture[:, 1], color="k", 
           label="Clean Data", s=5)
plt.xlabel("$x$")
plt.ylabel("$y$")

```

```

plt.legend()
plt.savefig(dir_fig("scatter_vs_outliers_mixture.pdf"), bbox_inches='tight')
plt.show()

```



Removing outliers using **Mahalanobis** distance and plotting the new data with it's non-robust linear regression model.

```

[153]: new_data_mixturem = remove_outliers(mixture_x, mixture_y, method=1)
results_mixturem = regression_model(new_data_mixturem[:, 0], new_data_mixturem[:,
                           1],
                                     "scatter_vs_model_mixture_mahal.pdf")

```

```

OLS Regression Results
=====
Dep. Variable:                      y      R-squared (uncentered):   0.860
Model:                            OLS      Adj. R-squared (uncentered): 0.860
Method:                           Least Squares      F-statistic: 1.565e+04
Date:    Wed, 20 May 2020      Prob (F-statistic):        0.00
Time:    13:48:55      Log-Likelihood:     -8151.3

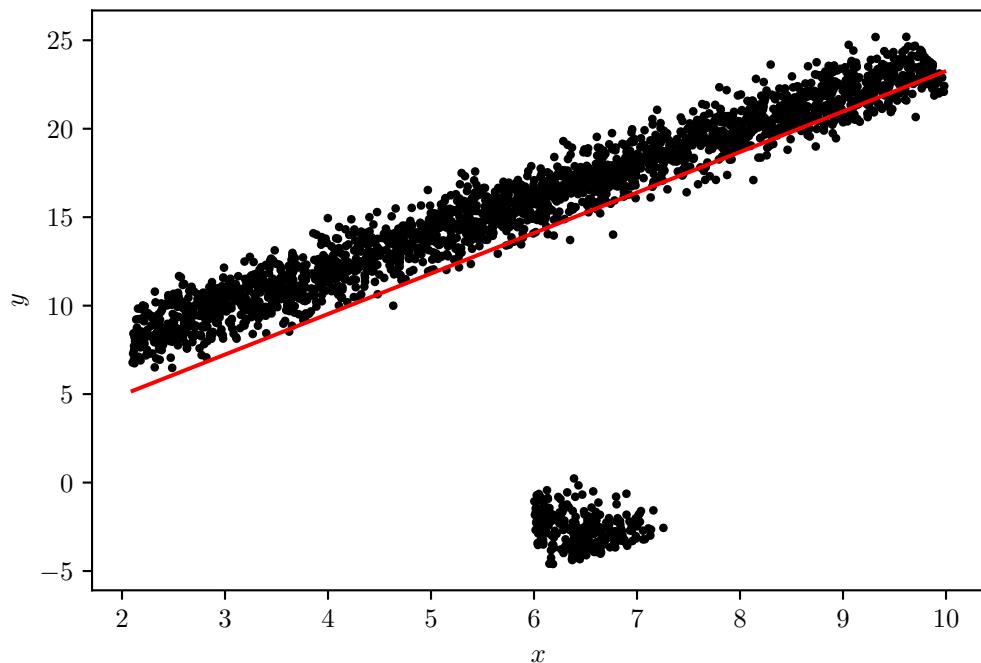
```

```

No. Observations: 2550 AIC: 1.630e+04
Df Residuals: 2549 BIC: 1.631e+04
Df Model: 1
Covariance Type: nonrobust
=====
            coef    std err      t    P>|t|    [0.025    0.975]
-----
x1        2.2896    0.018  125.100   0.000    2.254    2.326
=====
Omnibus: 1289.589 Durbin-Watson: 0.085
Prob(Omnibus): 0.000 Jarque-Bera (JB): 5584.199
Skew: -2.580 Prob(JB): 0.00
Kurtosis: 8.093 Cond. No. 1.00
=====
```

Warnings:

[1] Standard Errors assume that the covariance matrix of the errors is correctly specified.

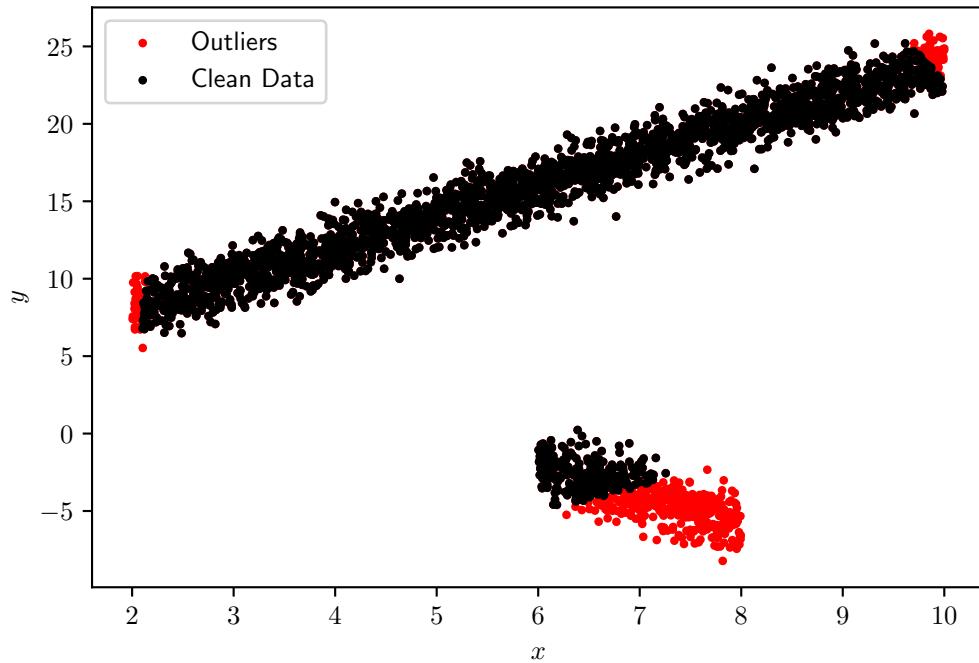


```
[154]: plt.scatter(mixture_x, mixture_y, color="r", label="Outliers", s=5)
plt.scatter(new_data_mixturem[:, 0], new_data_mixturem[:, 1], color="k", ↴
           label="Clean Data", s=5)
plt.xlabel("$x$")
```

```

plt.ylabel("$y$")
plt.legend()
plt.savefig(dir_fig("scatter_vs_outliers_mixture_mahal.pdf"),□
    ↪bbox_inches='tight')
plt.show()

```



**Outliers with Residual** Remove outliers using the residuals of the model, as explained previously.

```
[99]: data_resid = remove_outliers_residuals(mixture_x, mixture_y, results)
_ = regression_model(data_resid[:, 0], data_resid[:, 1],□
    ↪"scatter_vs_model_resid_mix .pdf")
```

```

OLS Regression Results
=====
Dep. Variable:                      y      R-squared (uncentered):   0.917
Model:                            OLS      Adj. R-squared (uncentered): 0.917
Method:                           Least Squares      F-statistic:        2.821e+04
Date:    Wed, 20 May 2020      Prob (F-statistic):        0.00

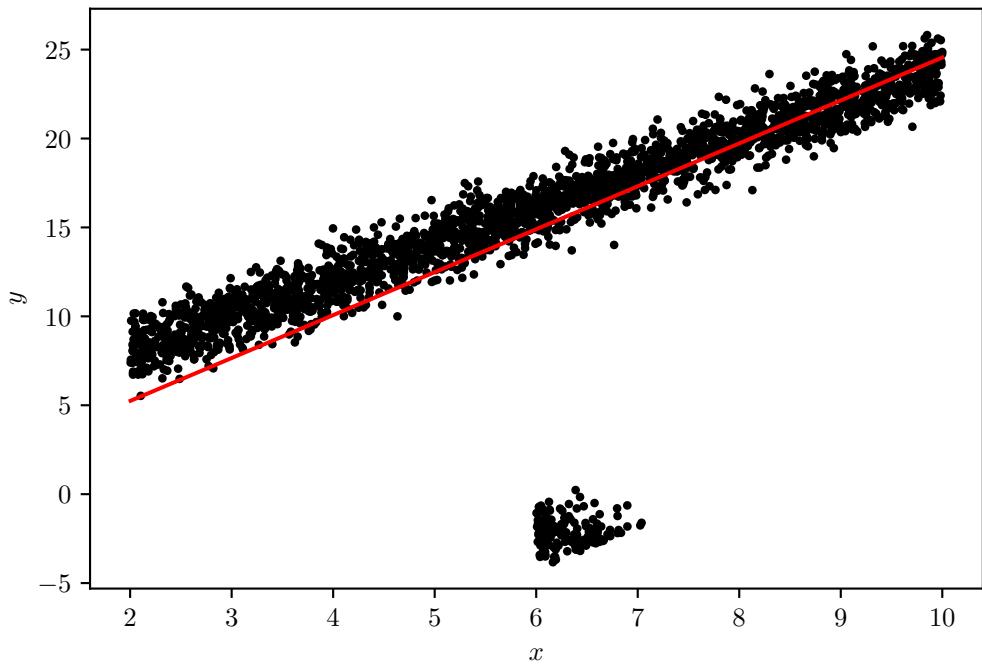
```

```

Time: 11:10:15 Log-Likelihood:
-7546.1
No. Observations: 2550 AIC:
1.509e+04
Df Residuals: 2549 BIC:
1.510e+04
Df Model: 1
Covariance Type: nonrobust
=====
            coef    std err      t    P>|t|    [0.025    0.975]
-----
x1        2.4141    0.014   167.953    0.000    2.386    2.442
=====
Omnibus: 1703.309 Durbin-Watson: 0.178
Prob(Omnibus): 0.000 Jarque-Bera (JB): 14862.823
Skew: -3.252 Prob(JB): 0.00
Kurtosis: 12.879 Cond. No. 1.00
=====
```

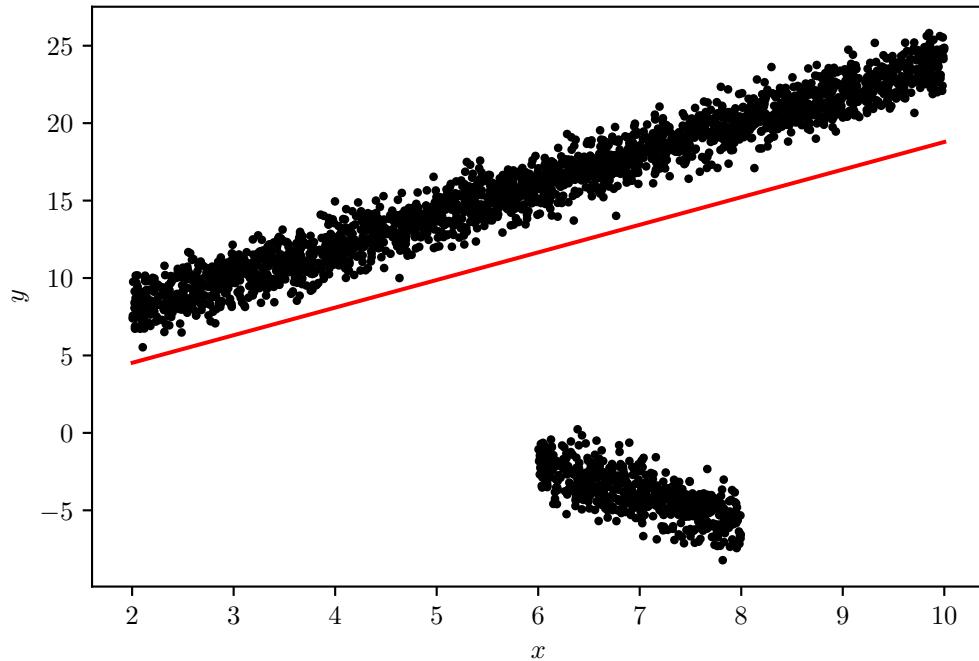
Warnings:

[1] Standard Errors assume that the covariance matrix of the errors is correctly specified.



Linear regression and bootstrap inference using the **comedian** matrix.

```
[100]: # Comedian
beta1_cm_mix = cov_linear_regression(mixture_x, mixture_y, method=0)
beta0_cm_mix = mixture_y.mean() - beta1_cm_mix * mixture_x.mean()
plot_regression_model(mixture_x, mixture_y, "scatter_vs_model_com_mix.pdf",
                      beta0_cm_mix, beta1_cm_mix)
```

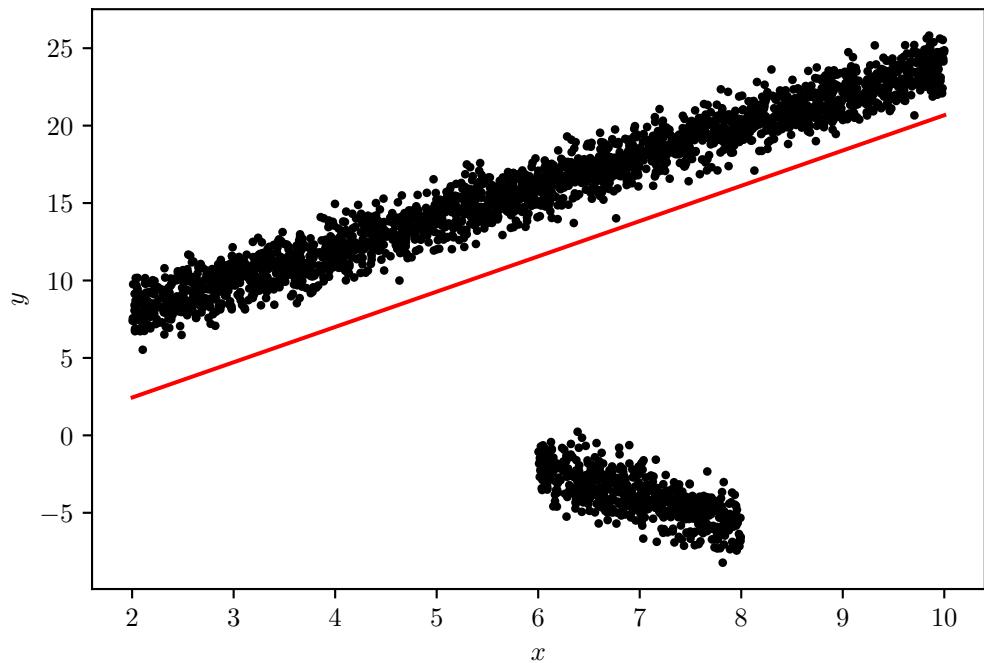


```
[156]: print(header)
print(bold + "Significance of parameters using the comedian matrix:" + end)
bootstrap_inference(mixture_x, mixture_y, 1000, (beta0_cm_mix, beta1_cm_mix), ↴
                     method=0)
```

```
=====
Significance of parameters using the comedian matrix:
beta_0: Is not significant.
beta_1: Is significant!
```

Linear regression and bootstrap inference using the **Spearman** rank correlation coefficient matrix.

```
[102]: # Spearman
beta1_sp_mix = cov_linear_regression(mixture_x, mixture_y, method=1)
beta0_sp_mix = mixture_y.mean() - beta1_sp_mix * mixture_x.mean()
plot_regression_model(mixture_x, mixture_y, "scatter_vs_model_sp_mix.pdf", ↴
                      beta0_sp_mix, beta1_sp_mix)
```

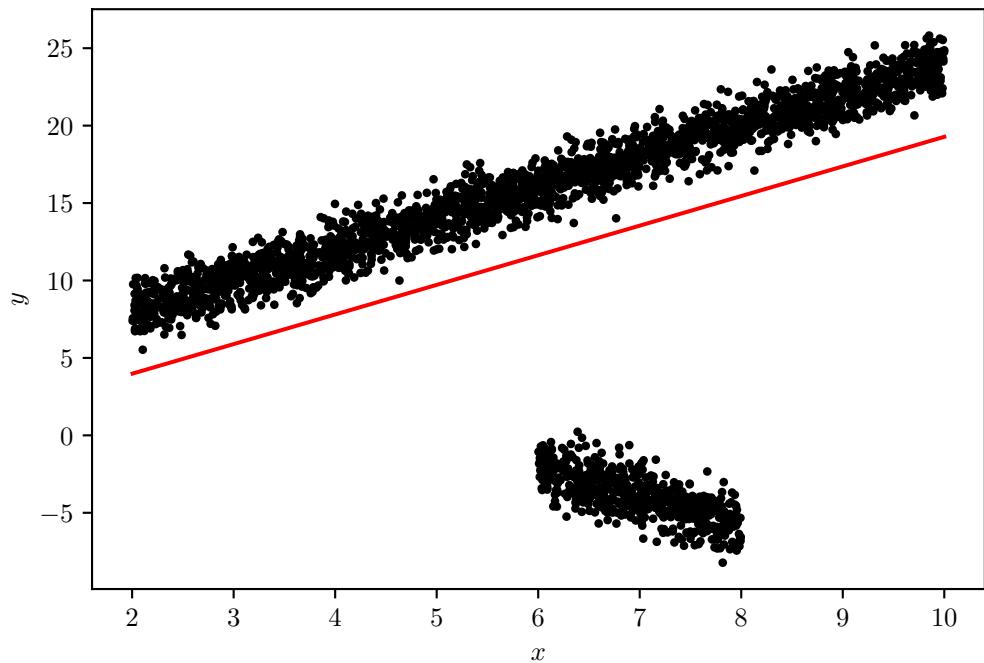


```
[158]: print(header)
print(bold + "Significance of parameters using Spearman:" + end)
bootstrap_inference(mixture_x, mixture_y, 1000, (beta0_sp_mix, beta1_sp_mix), ↴
method=1)
```

```
=====
Significance of parameters using Spearman:
beta_0: Is significant!
beta_1: Is significant!
```

Linear regression and bootstrap inference using the **Kendall** rank correlation coefficient matrix.

```
[104]: # Kendall
beta1_k_mix = cov_linear_regression(mixture_x, mixture_y, method=2)
beta0_k_mix = mixture_y.mean() - beta1_k_mix * mixture_x.mean()
plot_regression_model(mixture_x, mixture_y, "scatter_vs_model_k_mix.pdf", ↴
beta0_k_mix, beta1_k_mix)
```

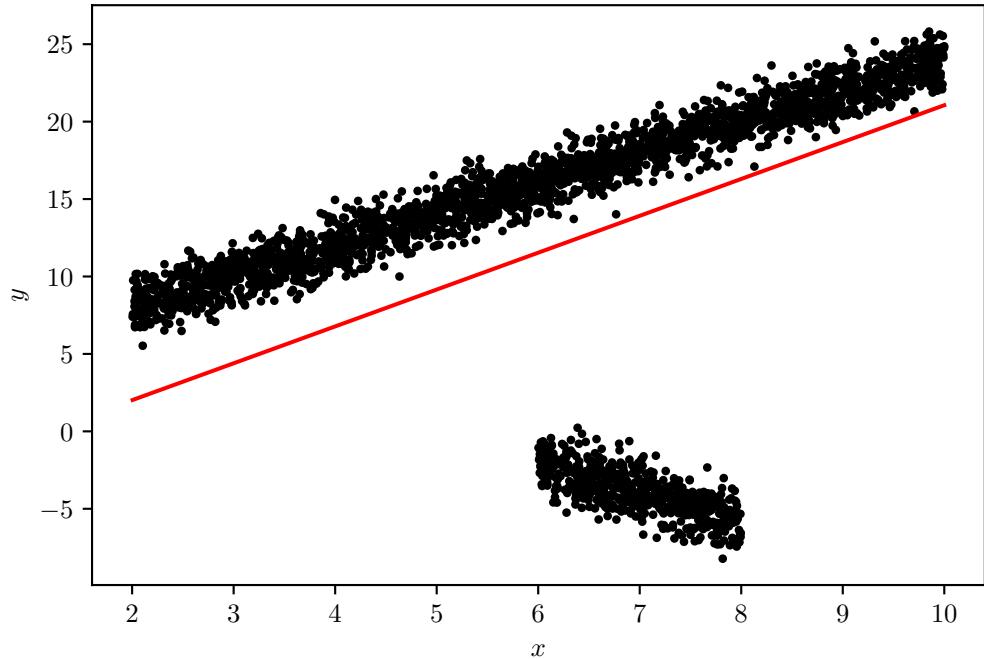


```
[159]: print(header)
print(bold + "Significance of parameters using Kendall:" + end)
bootstrap_inference(mixture_x, mixture_y, 1000, (beta0_k_mix, beta1_k_mix), ↴
method=1)
```

```
=====
Significance of parameters using Kendall:
beta_0: Is significant!
beta_1: Is significant!
```

Linear regression and bootstrap inference using the **Fast MCD** algorithm.

```
[106]: # MCD
beta1_mcd_mix = cov_linear_regression(mixture_x, mixture_y, method=3)
beta0_mcd_mix = mixture_y.mean() - beta1_mcd_mix * mixture_x.mean()
plot_regression_model(mixture_x, mixture_y, "scatter_vs_model_mcd_mix.pdf", ↴
beta0_mcd_mix,
beta1_mcd_mix)
```

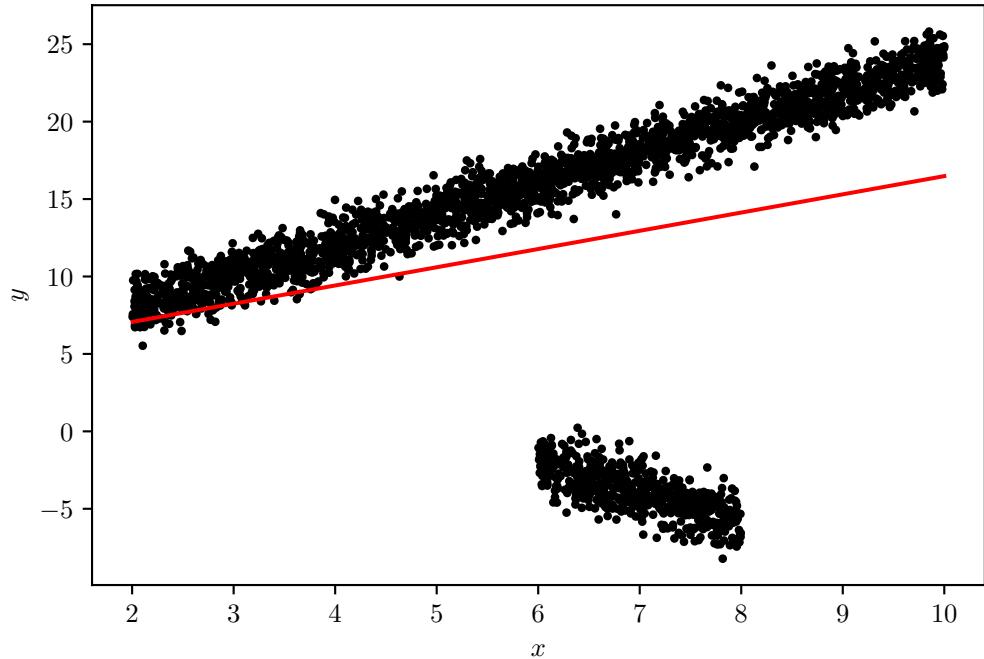


```
[160]: print(header)
print(bold + "Significance of parameters using Fast MCD:" + end)
bootstrap_inference(mixture_x, mixture_y, 500, (beta0_mcd_mix, beta1_mcd_mix), method=3)
```

```
=====
Significance of parameters using Fast MCD:
beta_0: Is significant!
beta_1: Is significant!
```

Linear regression and bootstrap inference using the **Shrinkages**.

```
[107]: # Shrinkages
beta1_sh_mix = cov_linear_regression(mixture_x, mixture_y, method=4)
beta0_sh_mix = mixture_y.mean() - beta1_sh_mix * mixture_x.mean()
plot_regression_model(mixture_x, mixture_y, "scatter_vs_model_sh_mix.pdf", beta0_sh_mix, beta1_sh_mix)
```



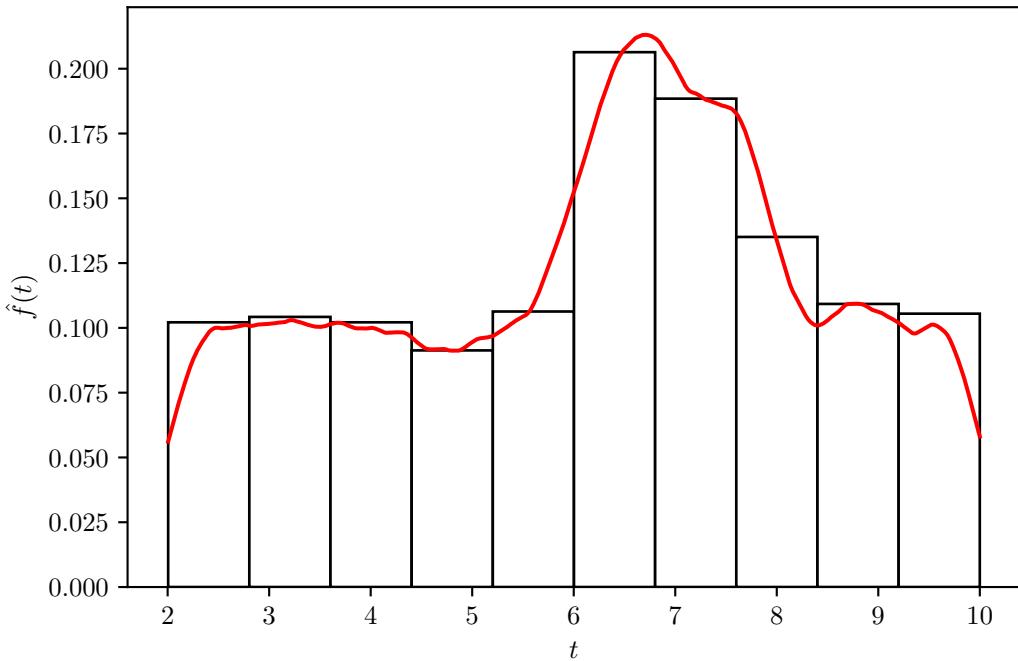
```
[161]: print(header)
print(bold + "Significance of parameters using Shrinkages:" + end)
bootstrap_inference(mixture_x, mixture_y, 1000, (beta0_sh_mix, beta1_sh_mix), method=1)
```

```
=====
Significance of parameters using Shrinkages:
beta_0: Is significant!
beta_1: Is significant!
```

Estimating the probability density function using kernels

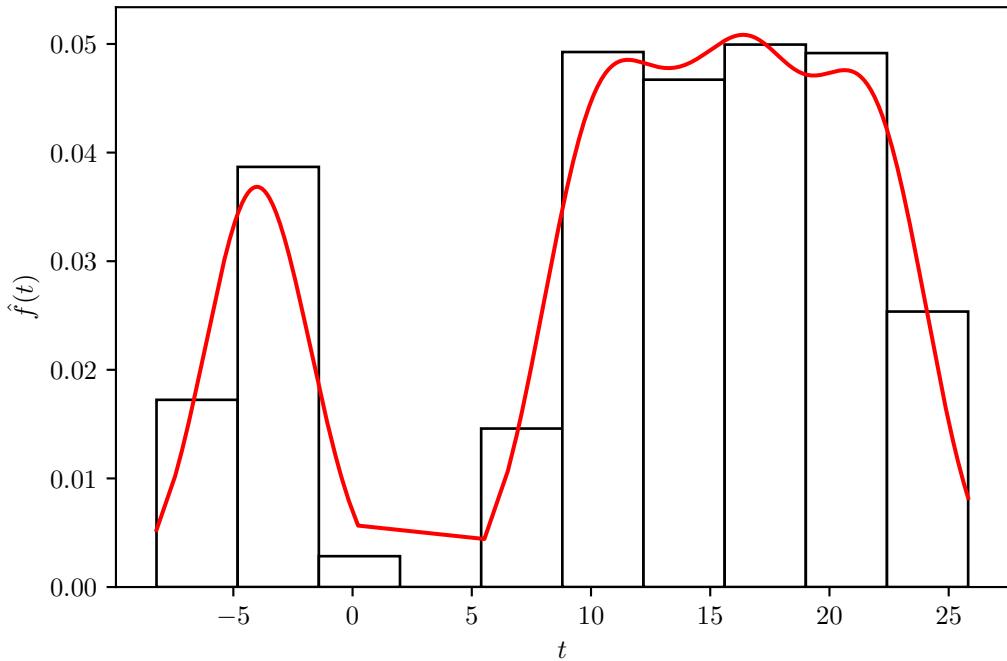
```
[109]: xs_mix, density_mix_x = estimate_density(mixture_x, 0.5, method=2)

plt.hist(mixture_x, ec='black', color='white', density=True)
plt.plot(xs_mix, density_mix_x, 'r')
plt.ylabel("$\hat{f}(t)$")
plt.xlabel("$t$")
plt.savefig(dir_fig("kernel_density_mixture.pdf"), bbox_inches='tight')
plt.show()
```



```
[110]: ys_mix, density_mix_y = estimate_density(mixture_y, 1.5, method=4)

plt.hist(mixture_y, ec='black', color='white', density=True)
plt.plot(ys_mix, density_mix_y, 'r')
plt.ylabel("$\hat{f}(t)$")
plt.xlabel("$t$")
plt.savefig(dir_fig("kernel_density_mixture_y.pdf"), bbox_inches='tight')
plt.show()
```



## 1.4 Correlated Data

Selecting two distinct assets with the biggest correlation. This correlation was calculated by using a non-robust method.

```
[111]: cor_mat = pd.DataFrame(data).corr().to_numpy()

for i in range(cor_mat.shape[0]):
    cor_mat[i, i] = 0

max_flat = cor_mat.argmax()
index_max = (int(max_flat / data.shape[1]), max_flat - int(max_flat / data.
    ↪shape[1]) * data.shape[1])

x_2 = data[:, min(index_max)]
y_2 = data[:, max(index_max)]

aux_xy = np.array([x_2, y_2]).transpose().tolist()
aux_xy = sorted(aux_xy, key=lambda t: t[0])
aux_xy = np.array(aux_xy)

x_2 = aux_xy[:, 0]
y_2 = aux_xy[:, 1]
```

### 1.4.1 Nadaraya watson

Here `kernel_nw_regression` calculates a regression to a pair of data calculating the Kernel by using different methods. 1. `method = 0` uses the Uniform method. 2. `method = 1` uses the Triangular method. 3. `method = 2` uses the Epanechnikov method. 4. `method = 3` uses the Bi-squared method 5. `method = 4` uses the Gaussian method.

```
[112]: # method =
#   0 -> Uniform
#   1 -> Triangular
#   2 -> Epanechnikov
#   3 -> Bi-squared
#   4 -> Gaussian
def kernel_nw_regression(xs, ys, h, method=0):

    if h <= 0:
        h = xs.std(ddof=1) * (4 / (3*xs.size))**(1 / 5)

    est = np.zeros(xs.size)
    for j in range(xs.size):
        u = (xs[j] - xs) / h

        ind = np.logical_and(-1 < u, u < 1).astype(np.int)
        if method == 0:
            I = 0.5 * ind
        elif method == 1:
            I = (1 - np.abs(u)) * ind
        elif method == 2:
            I = 0.75 * (1 - u ** 2) * ind
        elif method == 3:
            I = (15 / 16) * (1 - 2 * u ** 2 + u ** 4) * ind
        else:
            I = ((1 / np.sqrt(2*np.pi)) * np.exp(-0.5 * u ** 2))

        denom = I.sum()
        num = I.dot(ys)
        est[j] = num / denom

    return est
```

Estimating a regression for  $y^2$

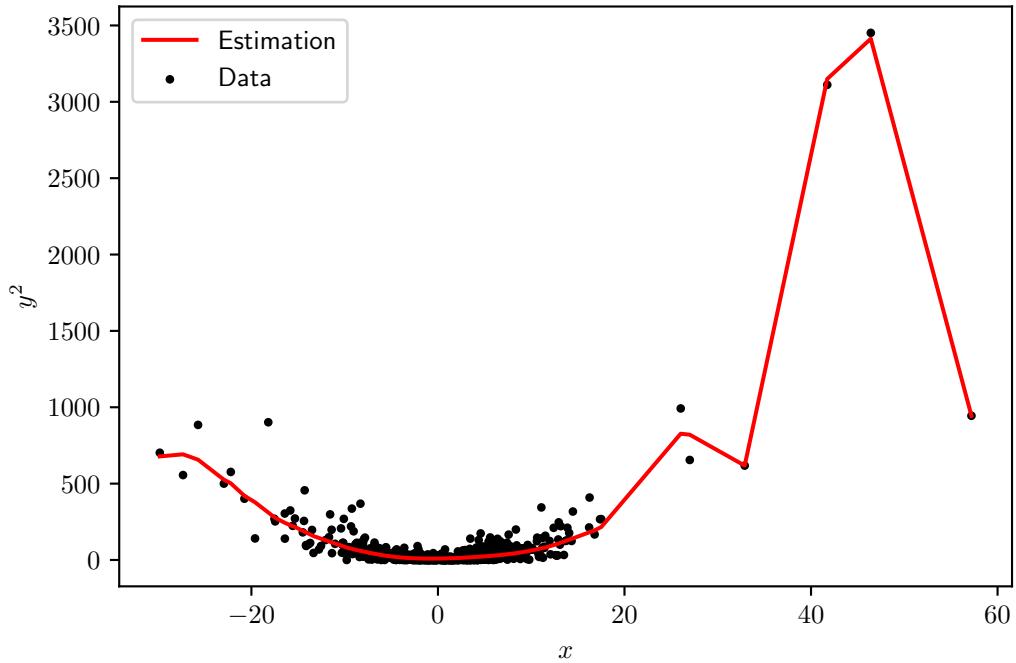
```
[113]: estimation = kernel_nw_regression(x_2, y_2 ** 2, 5, method=2)

plt.scatter(x_2, y_2 ** 2, color='k', label='Data', s=5)
plt.plot(x_2, estimation, 'r', label="Estimation")
plt.xlabel("$x$")
plt.ylabel("$y^2$")
```

```

plt.legend()
plt.savefig(dir_fig("nw_cuadratic.pdf"), bbox_inches='tight')
plt.show()

```



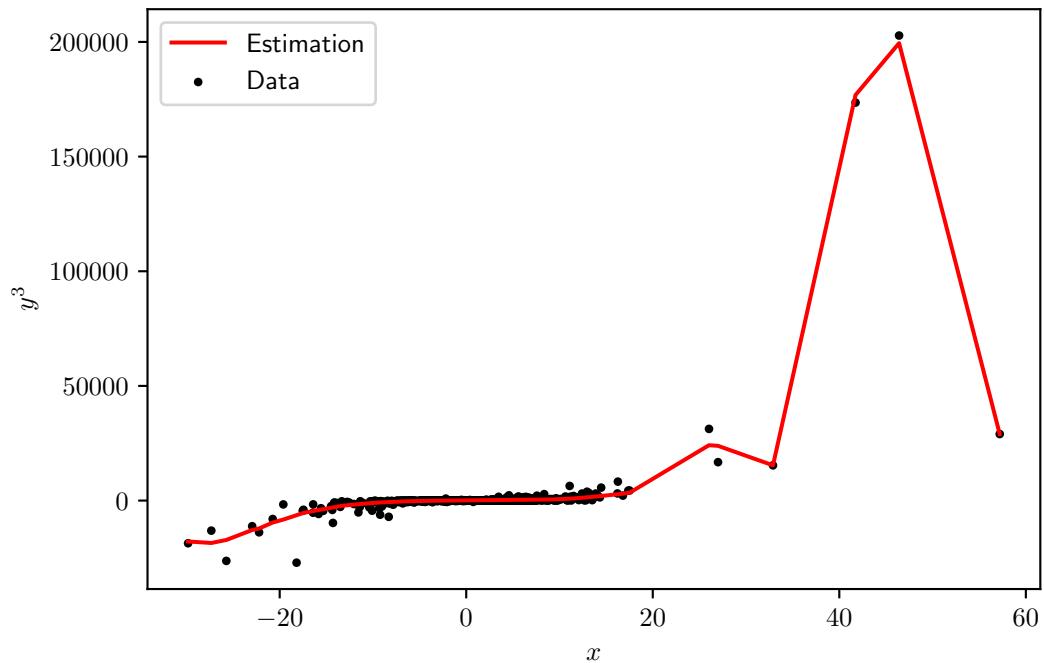
Estimating a regression for  $y^3$

```

[118]: estimation = kernel_nw_regression(x_2, y_2 ** 3, 5, method=2)

plt.scatter(x_2, y_2 ** 3, color='k', label='Data', s=5)
plt.plot(x_2, estimation, 'r', label="Estimation")
plt.xlabel("$x$")
plt.ylabel("$y^3$")
plt.legend()
plt.savefig(dir_fig("nw_cubic.pdf"), bbox_inches='tight')
plt.show()

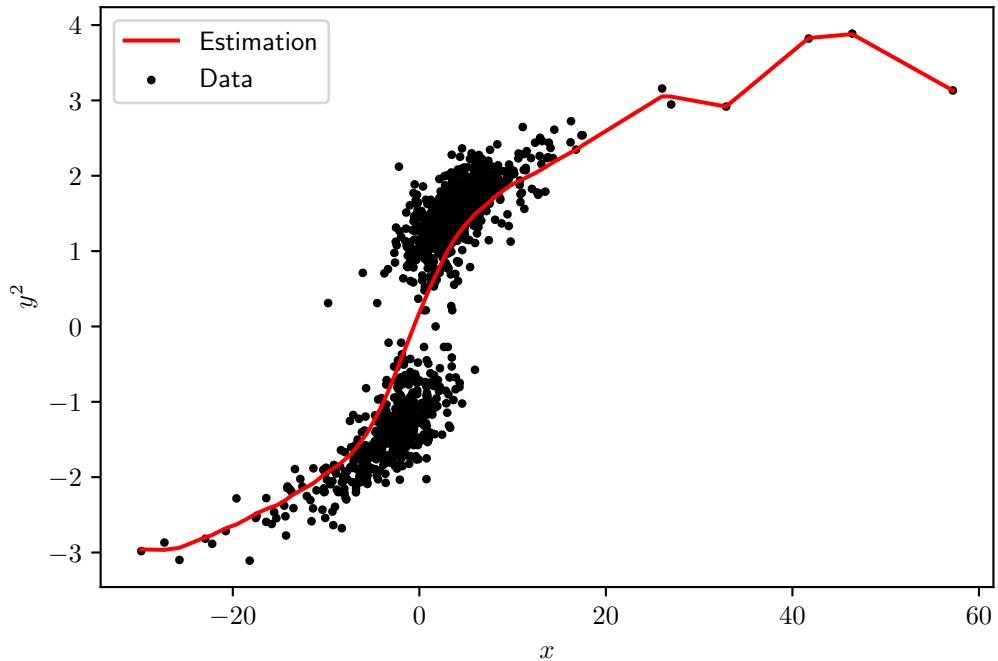
```



Estimating a regression for  $\sqrt[3]{y}$

```
[119]: estimation = kernel_nw_regression(x_2, np.cbrt(y_2), 5, method=2)

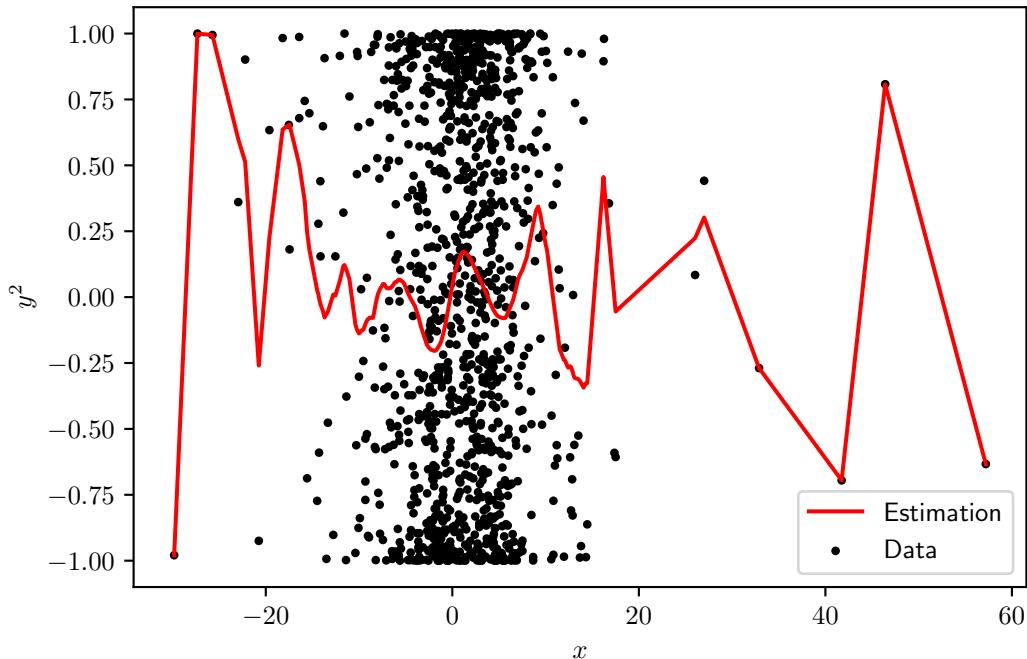
plt.scatter(x_2, np.cbrt(y_2), color='k', label='Data', s=5)
plt.plot(x_2, estimation, 'r', label="Estimation")
plt.xlabel("$x$")
plt.ylabel("$y^{2}$")
plt.legend()
plt.savefig(dir_fig("nw_cubic_root.pdf"), bbox_inches='tight')
plt.show()
```



Estimating a regression for  $\sin(y)$

```
[120]: estimation = kernel_nw_regression(x_2, np.sin(y_2), -1, method=2)

plt.scatter(x_2, np.sin(y_2), color='k', label='Data', s=5)
plt.plot(x_2, estimation, 'r', label="Estimation")
plt.xlabel("$x$")
plt.ylabel("$y^2$")
plt.legend()
plt.savefig(dir_fig("nw_cuadratic.pdf"), bbox_inches='tight')
plt.show()
```



## 1.5 Time of Life Data

Here the data from the file *life.txt* is read and saved in an array.

```
[121]: # Read life data
file = open("life.txt").readlines()
data_life = []
for line in file:
    row = []
    acum = ""
    for char in line:
        if char != " ":
            acum += char
        if char == " " and len(acum) != 0:
            row.append(float(acum))
            acum = ""
    if acum != "":
        row.append(float(acum))
    data_life.append(row)

data_life = np.array(data_life, dtype=np.float)
```

Separate the data by a selected value *sep*.

```
[122]: # Separation of data
data0 = data_life[:, :5]

sep = 230

data1 = data0[:sep, :]
data2 = data0[sep:, :]
```

### 1.5.1 D-D plot

```
[123]: # D-D Plot
def ddplot(sample0, sample1, filename=None, method=0):
    others = []

    sample = np.array(sample0.tolist() + sample1.tolist())
    z_0 = np.zeros(sample.shape[0])
    z_1 = np.zeros(sample.shape[0])

    for i in range(sample.shape[0]):
        point = sample[i, :].reshape((1, sample.shape[1]))
        if method == 0:
            z_0[i] = depth_tukey(point, sample0, 300)
            z_1[i] = depth_tukey(point, sample1, 300)
        else:
            z_0[i] = depth_mahal(point, sample0)
            z_1[i] = depth_mahal(point, sample1)

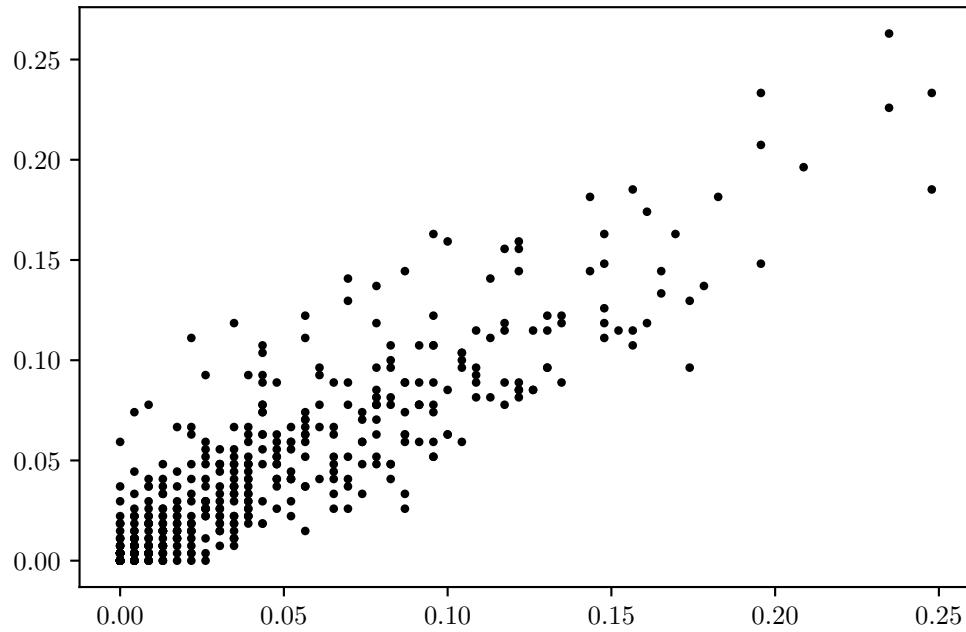
    plt.scatter(z_0, z_1, s=5, color='k')

    if filename is not None:
        plt.savefig(dir_fig(filename), bbox_inches='tight')
    plt.show()

    return z_0, z_1
```

D-D plot of the data using Tukey statistical depth and linear regression model.

```
[124]: z_01, z_11 = ddplot(data1, data2, filename="ddplot_life.pdf")
```



```
[164]: results_life = regression_model(z_01, z_11, "scatter_vs_model_ddplot.pdf")

beta1_life = results_life.params
beta0_life = z_11.mean() - beta1_life * z_01.mean()

r0 = {"beta0": beta0_life, "beta1": beta1_life}
print_results(r0)
```

### OLS Regression Results

```
=====
Dep. Variable:                      y      R-squared (uncentered):   0.888
Model:                            OLS      Adj. R-squared (uncentered): 0.887
Method:                           Least Squares      F-statistic:    3945.
Date:                            Wed, 20 May 2020      Prob (F-statistic): 4.39e-239
Time:                            14:26:22      Log-Likelihood:  -2406.
No. Observations:                  500      AIC:  -2402.
Df Residuals:                      499      BIC:  -2402.
Df Model:                           1
```

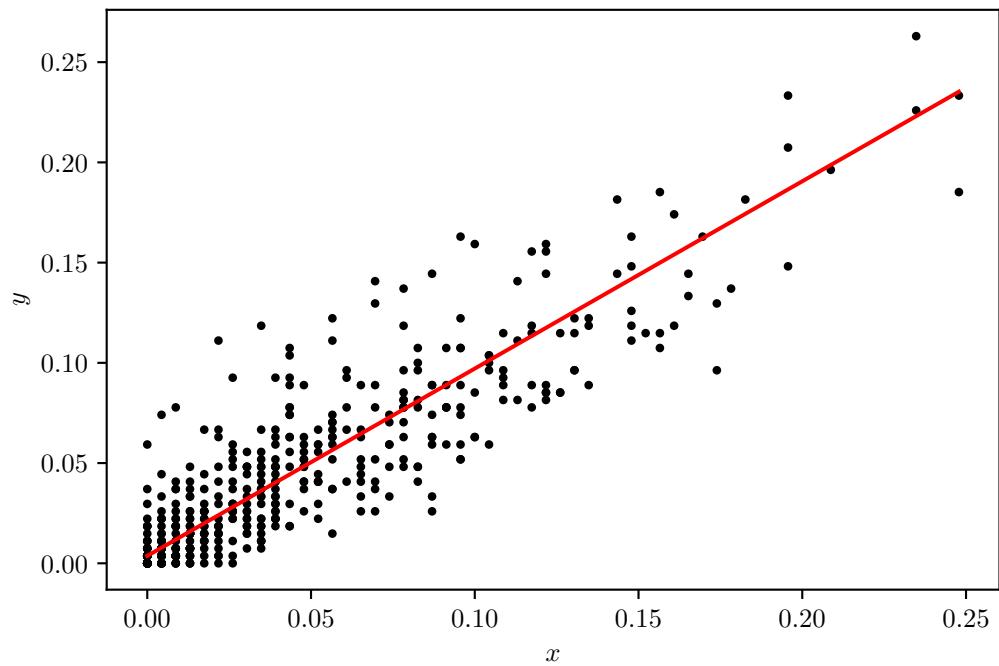
```

Covariance Type: nonrobust
=====
          coef    std err      t    P>|t|    [0.025    0.975]
-----
x1       0.9344   0.015    62.807   0.000    0.905    0.964
=====
Omnibus:            68.209  Durbin-Watson:           1.971
Prob(Omnibus):      0.000  Jarque-Bera (JB):        135.657
Skew:               0.776  Prob(JB):                3.49e-30
Kurtosis:            5.026  Cond. No.                 1.00
=====

```

Warnings:

[1] Standard Errors assume that the covariance matrix of the errors is correctly specified.

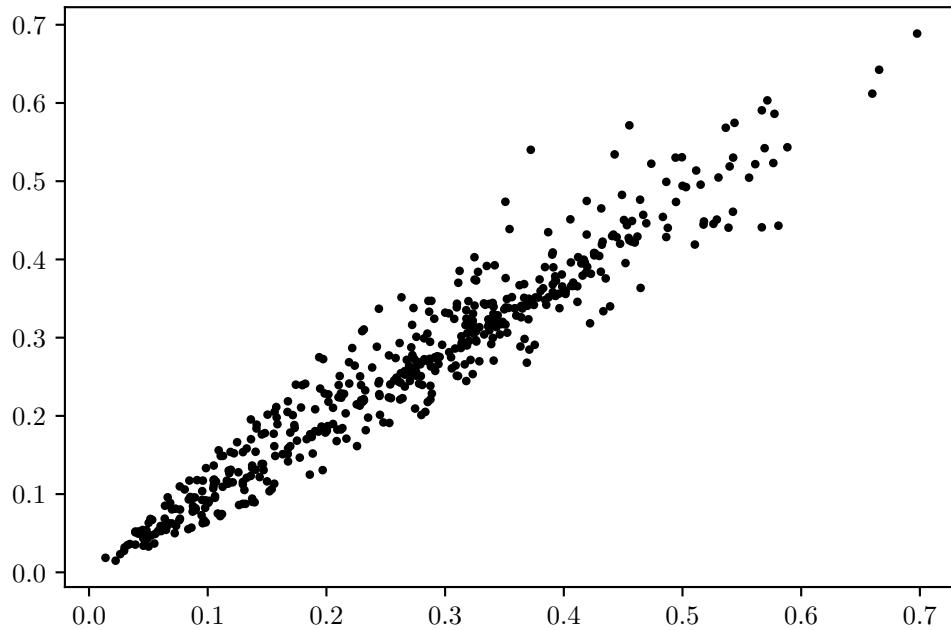


```

=====
beta0  [0.00370205]
beta1  [0.9343533]
```

D-D plot of the data using Mahalanobis distance and linear regression model.

```
[126]: z_01lm, z_11lm = ddplot(data1, data2, filename="ddplot_life_mahal.pdf", method=1)
```



```
[165]: results_lifem = regression_model(z_01m, z_11m, "scatter_vs_model_ddplot_mahalanobis")
        ↪pdf")

beta1_lifem = results_lifem.params
beta0_lifem = z_11m.mean() - beta1_lifem * z_01m.mean()

r0m = {"beta0": beta0_lifem, "beta1": beta1_lifem}
print_results(r0m)
```

### OLS Regression Results

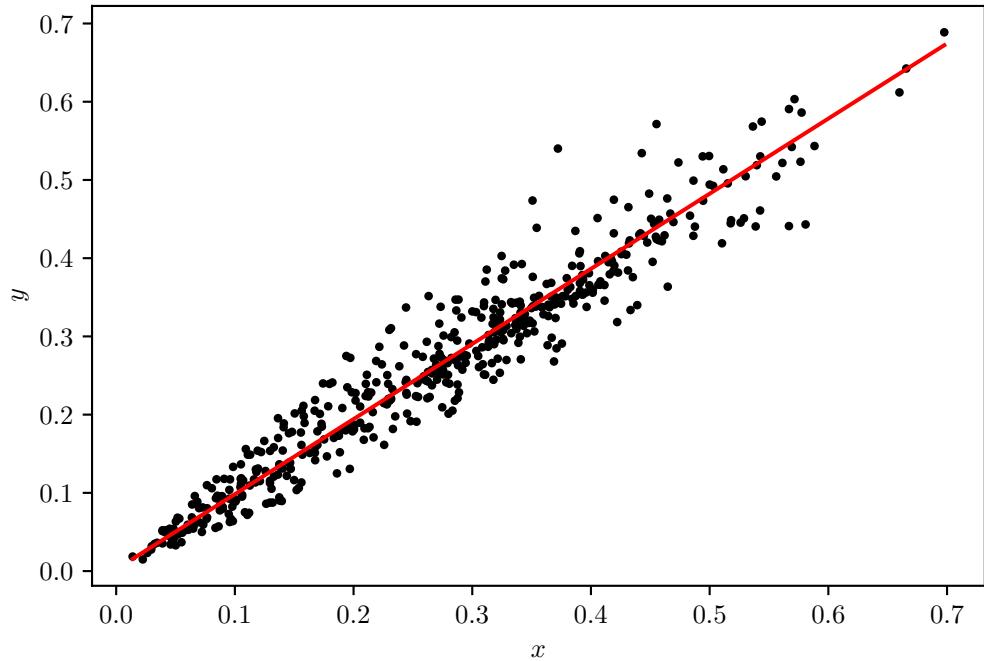
```
=====
=====
Dep. Variable:                      y      R-squared (uncentered):   0.985
Model:                            OLS      Adj. R-squared (uncentered): 0.985
Method:                           Least Squares      F-statistic:    3.366e+04
Date:                            Wed, 20 May 2020      Prob (F-statistic): 0.00
Time:                            14:27:12      Log-Likelihood: 960.30
No. Observations:                  500      AIC:  -1919.
Df Residuals:                     499      BIC:  -1914.
```

```

Df Model: 1
Covariance Type: nonrobust
=====
      coef    std err      t      P>|t|   [0.025    0.975]
-----
x1     0.9603   0.005  183.460    0.000    0.950    0.971
=====
Omnibus:      56.332 Durbin-Watson:       2.030
Prob(Omnibus): 0.000 Jarque-Bera (JB): 132.265
Skew:          0.599 Prob(JB):        1.90e-29
Kurtosis:      5.217 Cond. No.         1.00
=====
```

Warnings:

[1] Standard Errors assume that the covariance matrix of the errors is correctly specified.



```
=====
beta0  [0.00255151]
beta1  [0.96028155]
```

### 1.5.2 Asset Data

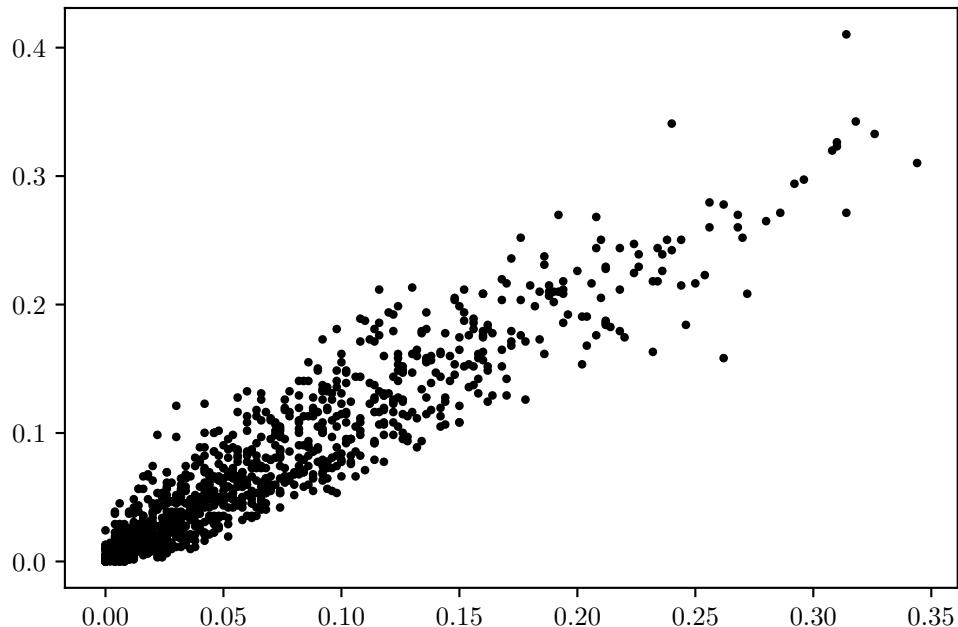
Separate the asset data by a fixed index `sep`.

```
[128]: # Separation of data
data0r = data[:, :5]

sep = 500

data1r = data0r[:sep, :]
data2r = data0r[sep:, :]
```

```
[129]: z_0r, z_1r = ddplot(data1r, data2r, filename="ddplot_returns.pdf")
```



D-D plot of the data using Tukey statistical depth and linear regression model.

```
[166]: results_r = regression_model(z_0r, z_1r, "scatter_vs_model_ddplot_returns.pdf")

beta1_r = results_r.params
beta0_r = z_1r.mean() - beta1_r * z_0r.mean()

r0r = {"beta0": beta0_r, "beta1": beta1_r}
print_results(r0r)
```

#### OLS Regression Results

```
=====
=====
Dep. Variable:                  y      R-squared (uncentered): 0.944
Model:                          OLS      Adj. R-squared (uncentered):
```

```

0.944
Method: Least Squares F-statistic:
1.890e+04
Date: Wed, 20 May 2020 Prob (F-statistic):
0.00
Time: 14:29:22 Log-Likelihood:
2609.7
No. Observations: 1119 AIC:
-5217.
Df Residuals: 1118 BIC:
-5212.
Df Model: 1
Covariance Type: nonrobust
=====

```

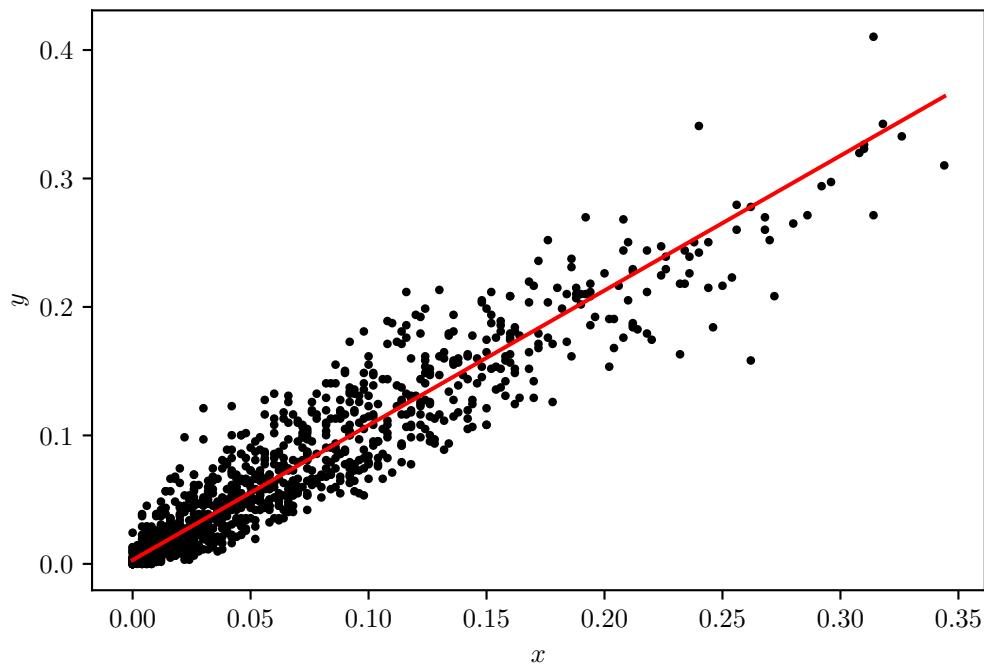
	coef	std err	t	P> t	[0.025	0.975]
x1	1.0492	0.008	137.469	0.000	1.034	1.064

```

=====
Omnibus: 72.558 Durbin-Watson: 1.933
Prob(Omnibus): 0.000 Jarque-Bera (JB): 172.570
Skew: 0.370 Prob(JB): 3.36e-38
Kurtosis: 4.776 Cond. No. 1.00
=====

Warnings:
[1] Standard Errors assume that the covariance matrix of the errors is correctly specified.

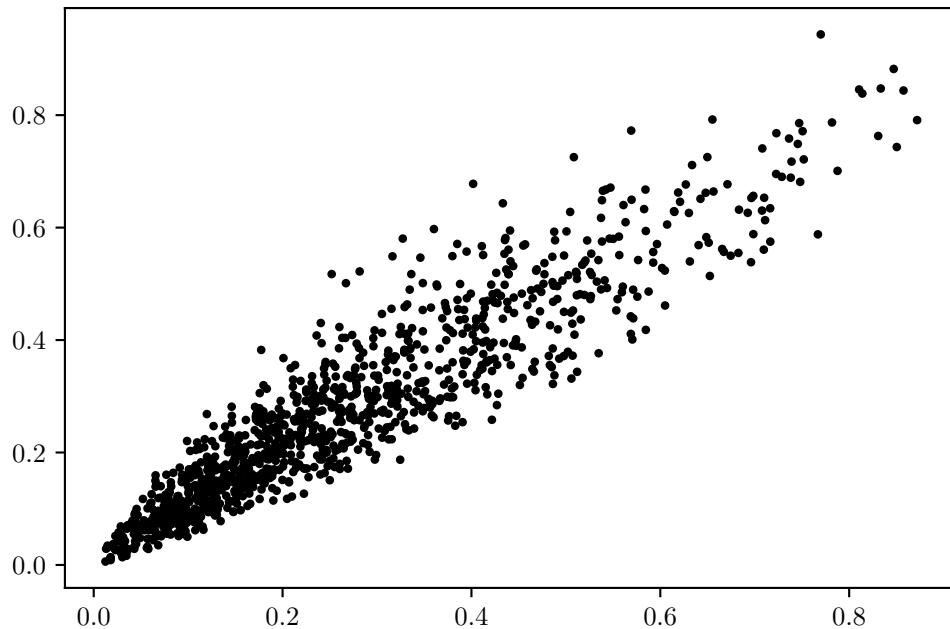
```



```
=====
beta0 [0.00299707]
beta1 [1.04920379]
```

D-D plot of the data using Mahalanobis distance and linear regression model.

```
[131]: z_0rm, z_1rm = ddplot(data1r, data2r, filename="ddplot_returns_mahal.pdf", method=1)
```



```
[167]: results_rm = regression_model(z_0rm, z_1rm, "scatter_vs_model_ddplot_returns_mahal.pdf")

beta1_rm = results_rm.params
beta0_rm = z_1rm.mean() - beta1_rm * z_0rm.mean()

r0rm = {"beta0": beta0_rm, "beta1": beta1_rm}
print_results(r0rm)
```

OLS Regression Results

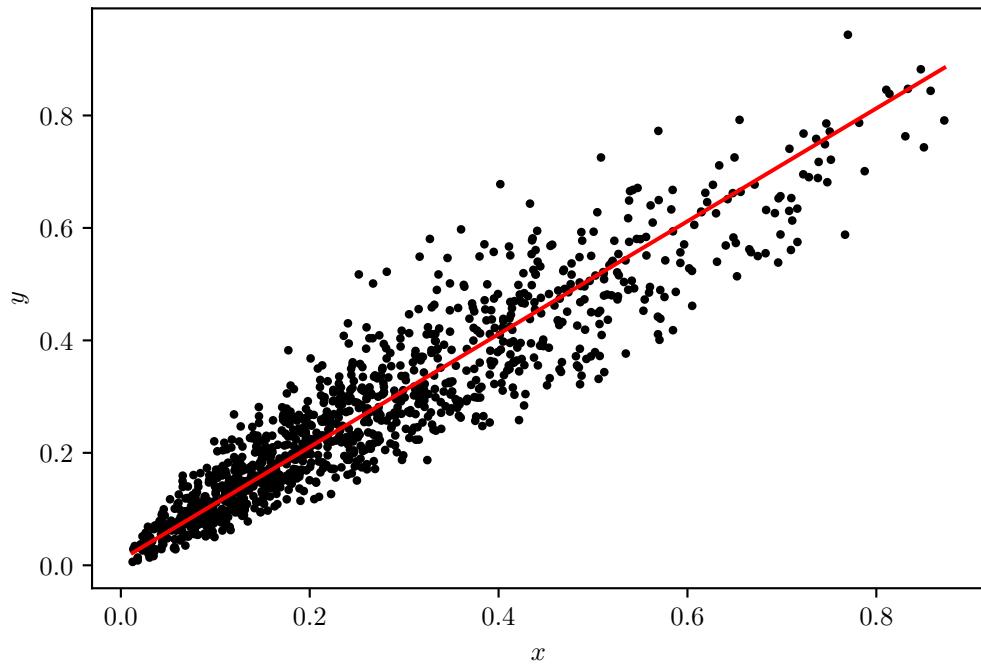
```
=====
=====
Dep. Variable: y R-squared (uncentered): 0.959
Model: OLS Adj. R-squared (uncentered):
```

```

0.959
Method: Least Squares F-statistic:
2.641e+04
Date: Wed, 20 May 2020 Prob (F-statistic):
0.00
Time: 14:29:50 Log-Likelihood:
1456.4
No. Observations: 1119 AIC:
-2911.
Df Residuals: 1118 BIC:
-2906.
Df Model: 1
Covariance Type: nonrobust
=====
          coef    std err      t    P>|t|   [0.025   0.975]
-----
x1       1.0037    0.006  162.518   0.000    0.992    1.016
=====
Omnibus:            36.671 Durbin-Watson:           1.836
Prob(Omnibus):      0.000 Jarque-Bera (JB):        66.852
Skew:               0.234 Prob(JB):             3.04e-15
Kurtosis:            4.102 Cond. No.                 1.00
=====
```

Warnings:

[1] Standard Errors assume that the covariance matrix of the errors is correctly specified.



```
=====
beta0 [0.00960859]
beta1 [1.00373552]
```

## 2 References

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