Miscellaneous Notes on Regression
Based on SJS and KNN

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Preface

Notes for STA302H1F fall offering, 2019 with Prof. Shivon Sue-Chee. These notes are based on the KNN and SJS text, in an aim for better understanding of the course material.

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1 Weighted Least Square Regression

1.1 Motivation and Set-Up

Consider the straight line (simple) linear regression model

$$Y_i = \beta_0 + \beta_1 x_i + e_i \quad \text{where} \quad e_i \sim N(0, \frac{\sigma^2}{w_i})$$

For the weight w_i, we should note the following

- $w_i \to \infty \implies Var(e_i) \to 0$. In this case, the estimates of the regression parameters β_0, β_1 should be such that the fitted line at x_i should be very close to y_i. (Small variance means more strict in terms of deviation from the regressin line, corresponding to a larger emphasis on the i-th data point.)
- If w_i is some small value, then the variance of the i-th data point would be quite large. In this case, we have a loose restriction of the deviation of the i-th data point from the regression line meaning that litte emphasis is taken for this data point.
- $w_i \to 0 \implies Var(e_i) \to \infty$. In this case, we have the variance tending to infinity. Meaning that there is absolutely no restriction/emphasis on the i-th data point and it could be simply removed from the set.

We define the cost function, WRSS as

$$\text{WRSS} = \sum_{i=1}^{n} w_i \left(y_i - \hat{y}_{W_i}\right)^2 = \sum_{i=1}^{n} w_i \left(y_i - b_0 - b_1 x_i\right)^2$$

and the estimators $\mathbf{b} = [b_0, b_1]^T$ are derived using MLE.

Intuition behind WRSS This cost function may seem wierd at first glance, but it intuitively makes sense. Notice that when w_i is large, the i-th lost term $w_i \left(y_i - \hat{y}_{W_i}\right)^2$ is payed more emphasis on. On the contrary, when $w_0 \to 0$, the term $\to 0$. (Indeed, when Variance of the term $\to \infty$ we just neglect it.)

1.2 Deriving ML Estimators

Derivatives
$$\frac{\partial \text{WRSS}}{\partial b_0} = -2 \sum_{i=1}^{n} w_i \left(y_i - b_0 - b_1 x_i\right) = 0$$
$$\frac{\partial \text{WRSS}}{\partial b_1} = -2 \sum_{i=1}^{n} w_i x_i \left(y_i - b_0 - b_1 x_i\right) = 0$$

Normal Equations Obtained from rearranging the above equations,

$$\sum_{i=1}^{n} w_i y_i = b_0 \sum_{i=1}^{n} w_i + b_1 \sum_{i=1}^{n} w_i x_i \tag{1}$$

$$\sum_{i=1}^{n} w_i x_i y_i = b_0 \sum_{i=1}^{n} w_i x_i + b_1 \sum_{i=1}^{n} w_i x_i^2 \tag{2}$$