

Car Price Prediction and Heart Disease Classification

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Abstract

Generalized Linear Models (GLMs) are the extension of the ordinary linear regression models. GLMs enable us to use different distributions for the response with distinctive link functions [1]. Here, we use two different data sets to show the broad applications of the GLMs in real-world problems, one of which is the “Car Price Prediction” [2], and the other is “Heart Failure prediction” [3]. In our analyses, we focus on model fitting and highlighting the most important variables instead of predicting desired outcomes and their accuracy. Our study of each data set is reported in its corresponding section. In the following, we discuss why we have chosen these data sets and provide a detailed description of our analyses along with the reasons and intuitions behind them. In both of these studies, all analyses were performed using the R programming language [4].

Car Price Prediction

Introduction

One of the largest automotive markets in the world is the USA car market [5]. Since 1982, when Honda invested in the USA car market, many other companies have been joining and competing in the USA car market resulting in foreign investment of more than \$110 billion [5]. These days, with skilled workers, local and governmental supports, a huge consumer market, and many other reasons, the USA car market is a primer market in the car industry. A new Chinese car company wants to join and compete in the USA car market. In the following, our goal is to identify significant variables affecting the car price and quantify their significance. These analyses are usually performed by a third party, such as a consulting company, or the business strategy division of the investing company. According to our findings, they can manipulate many variables, such as the car design, to have a better business strategy to enter the USA car market. These analyses can directly affect the success of billions of dollars investment. Consequently, our analyses are vital and should be detailed and valid.

We found out the car price (response) distribution is quite close to the Gamma distribution; therefore, we used the GLM with Gamma distribution and logarithmic link function to model the price of cars for distinctive variables. We also suspected that it might be possible to model the logarithm of price with Gaussian distribution and identity link function. However, the distribution of the logarithmic price is not close to the Normal distribution. Consequently, we only used the Gamma distribution with the logarithmic link function. We performed variable selection and selected the most reasonable model (details in the Statistical Analyses section).

Using these analyses, we were able to identify several significant variables contributing to the car price, such as the car manufacturer (or the so-called brand of the car), the engine location (cars with rear engines are usually sports cars with higher prices), and the engine size (the bigger the higher the price).

Our data set, and consequently, our analyses have some limitations as well. For instance, electric cars are more than 2.5% of the USA car market [6] but are not included in our data set. Additionally, luxury brands such as Rolls-Royce and Lincoln are missing. Furthermore, the majority of sports cars are missing in our data set, showing our limitation in analyzing the sports and luxury car price variables. In the following, we present a detailed description of our analysis, methods, and results.

Data Collection and exploration

The data were collected from the Kaggle website (kaggle.com), an online open-source community of data scientists and machine learning practitioners. One can easily access the online version of our data through [2]. The data did not contain any missing values and was ready for analysis. However, we made minor changes and corrections in the data set.

We removed the CAR ID column as it does not contain useful information for our analyses. Additionally, we changed the names of the cars into manufacturers' names. This way, the variable would represent the car brand (or manufacturer) reputation, which might have an impact on car price, instead of the model of the car, which is unique for most cars and would not impact the car price.

Additionally, we removed the some of the covariates that have colinearity issues. For instance, covariates engine type and cylinder numbers are related since engine types are usually determined by the number of cylinders and how those cylinders are arranged [7]. The same scenario is true for fuel systems and fuel type as the fuel system of a car be affected by which fuel does the car consume [8]. To solve this issue of colinearity in our analysis, we removed engine type and fuel system.

Afterward, we tried to figure out the response distribution to use the appropriate link function and family of distribution [1]. The distribution of the response resembles the Gamma distribution (Figure 1 (A)). We also visualized the logarithm of the response since it might be Gaussian (Figure 1 (B)). As one can see in Figure 1 (B), the logarithm of price does not resemble the Gaussian distribution. Therefore, we decided to only use the Gamma distribution with the log link function (See Statistical Analyses for more details).

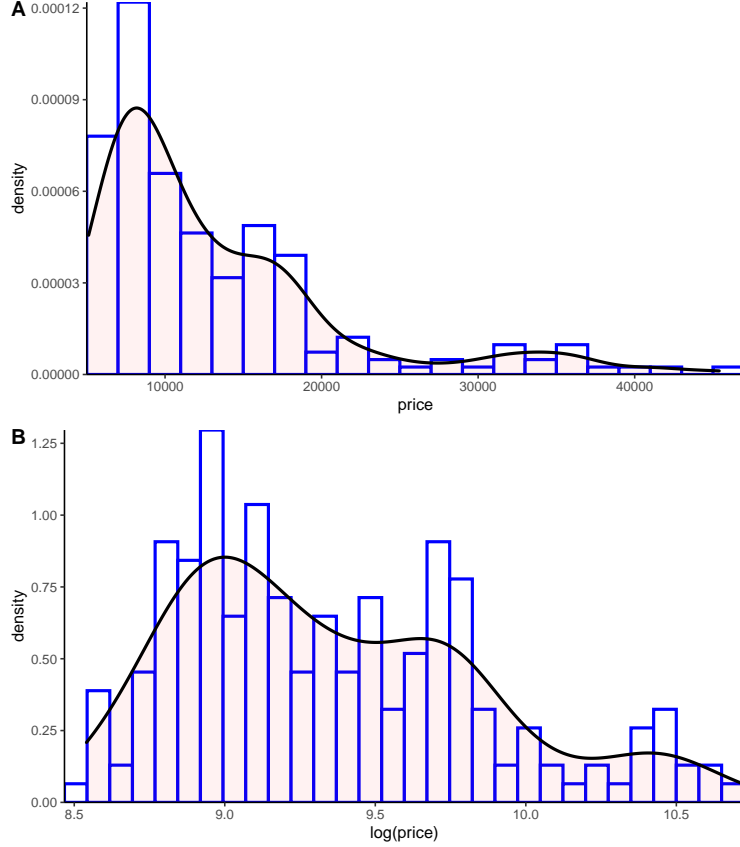


Figure 1: Distribution of the price.

(A) The distribution of the response (B) The distribution of the logarithm of the response.

Figure 2 shows an overview of the manufacturers, the range of their cars' prices, and the fuel type of their productions. As it is obvious, electric cars are missing, and diesel cars are the minority. Moreover, as shown in Figure 2, the car brands (or manufacturers) may affect the car price. For instance, cars from Porsche have a higher price compared to cars from Nissan or Mazda. Furthermore, we can see that famous sports car brands such as Ferrari and luxury manufacturers, such as Rolls-Royce and Lincoln, are missing.

In Appendix Figure 1, we can see that the car price is correlated with engine size; however, it might not be a linear correlation. Also, what stands out in this figure is the general growth of the engine size with increasing the number of Cylinders, and also, the response will rise with increasing any of them.

We also suspected that there might be some trends with the quadratic increase of numerical variables. Therefore, we investigated these patterns. For instance, in Appendix Figure 2, we divided the wheelbase¹ of cars into four groups and visualized the trend between the wheelbase and the response. As this figure shows, the car price is not growing linearly with the increase of the wheelbase. Hence, we included quadratic terms in our statistical model as well. In the next section, the details of our statistical analyses are described.

¹In cars, the wheelbase is the distance between the front and rear wheels [9].

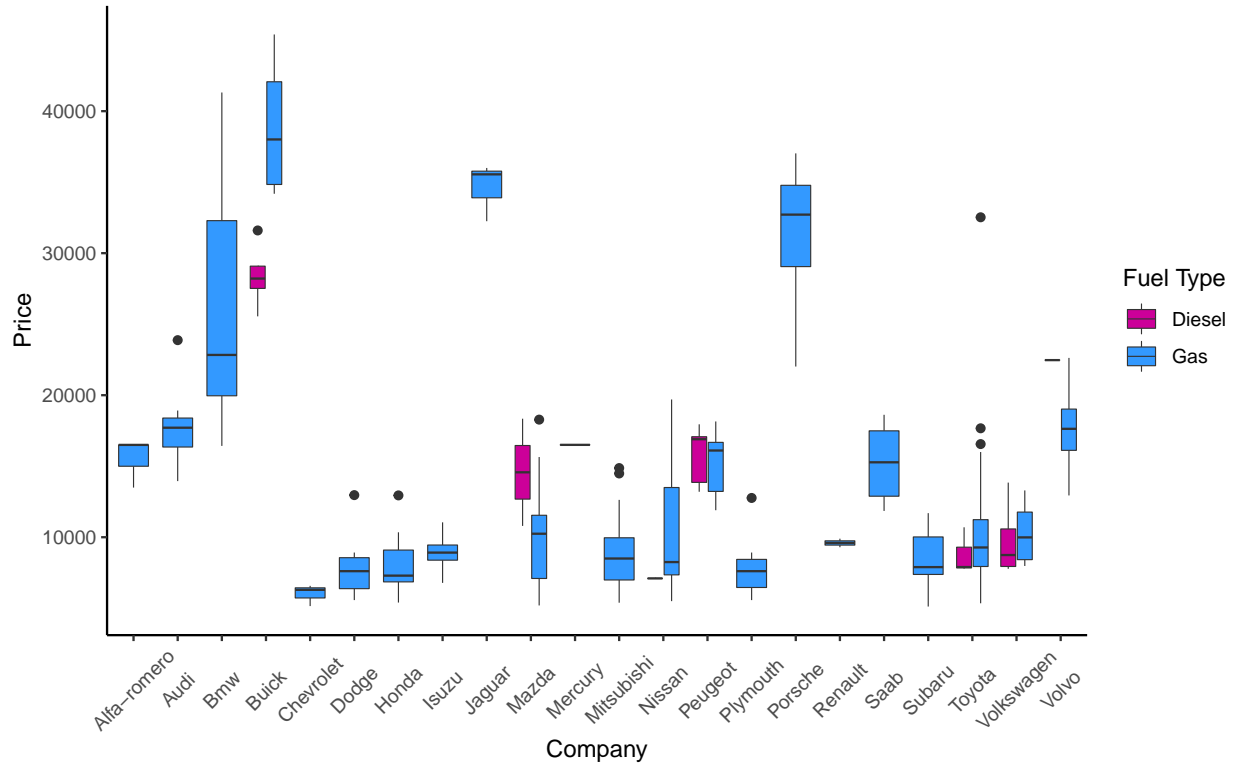


Figure 2: The range of car price in different brands and fuel types

Statistical Analyses

In Car Price Dataset, we have 205 observations and 27 variables including the response variable (price). Before starting the statistical analysis, let us define the data dictionary in order to better understand our dataset.

Data Dictionary	
Variable Name	Definition
CarID	Unique ID of cars
Symboling	Its assigned insurance risk rating,(-3,-2,-1,0,1,2,3),-3= the most risky, 3=safest
car name	Name of car (Categorical)
car company	car manufacturer (Categorical)
fueltype	Car fuel type i.e gas or diesel (Categorical)
aspiration	Aspiration used in a car,i.e, std or turbo (Categorical)
doornumber	Number of doors in a car,i.e, four or two (Categorical)
carbody	body of car ,i.e, convertible, hardtop, hatchback, sedan or wagon(Categorical)
drivewheel	type of drive wheel,i.e, 4wd, fwd or rwd (Categorical)
engineloation	Location of car engine,i.e, front or rear (Categorical)
wheelbase	Weelbase of car (Numeric)
carlength	Length of car (Numeric)
carwidth	Width of car (Numeric)
carheight	height of car (Numeric)
curbweight	The weight of a car without occupants or baggage. (Numeric)
enginetype	Type of engine. (Categorical)
cylindernumber	cylinder placed in the car (Categorical)
enginesize	Size of car (Numeric)
fuelsystem	Fuel system of car (Categorical)
boreratio	Boreratio of car (Numeric)
stroke	Stroke or volume inside the engine (Numeric)
compressionratio	compression ratio of car (Numeric)
horsepower	Horsepower (Numeric)
peakrpm	car peak rpm (Numeric)
citympg	Mileage in city (Numeric)
highwaympg	Mileage on highway (Numeric)
price(Dependent variable)	Price of car (Numeric)

Table 1.1: *Data Dictionary*

We firstly decide which model to use for analysis by using the histograms of car price and log(car price). We cannot use normal linear regression for modeling car price since car price and log(car price) do not follow normal distribution. Upon further inspection, we decided to gamma regression with log-link since both car price and log(car price) follow gamma distribution. We specifically chose log-link for gamma regression instead of its canoncial link (negative-inverse link) since the car price can only be positive.

For the analysis of car price dataset, we decided to construct two models:

- (1) The main effect model
- (2) The main effect model plus the squared numeric covariates

We decided not to include interaction terms in our analysis since most of our covariates are categorical and those most categorical covariates have more than 2 levels.

For the first model, I firstly constructed the model with all the covariates (excluding the covariates that causes the collinearity issues) with price as response.The formula for the model is as follows.

$$\log(\mu) = \beta_0 + \sum_{i=1}^{22} \beta_i x_i$$

The formula for the full main effect model is:

Full Model 1 Forumula

log(price)~fueltype+aspiration+doornumber+carbody+drivewheel+enginelocation+
cylindernumber+car_company+symboling+wheelbase+carlength+carwidth+carheight +curbweight+enginesize
+boreratio+stroke+compressionratio+horsepower+peakrpm+citympg+highwaympg

The following table shows the results of full main effect model.

	Estimate	Pr(> t)	significance
(Intercept)	7.5	8.47e-12	***
Fueltype gas	-0.23	0.54	not significant
Aspiration Turbo	0.08	0.10	not significant
Doornumber two	-0.03	0.28	not significant
Carbody Hardtop	-0.16	0.05	*
Carbody Hatchback	-0.21	1.87e-03	**
Carbody Sedan	-0.14	0.06	.
Carbody Wagon	-0.15	0.06	.
Drivewheel fwd	-0.04	0.52	not significant
Drivewheel rwd	-6.23e-03	0.93	not significant
enginelocation rear	0.78	6.63e-09	***
cylinder num5	0.04	0.75	not significant
cylinder num4	0.20	0.19	not significant
cylinder num6	0.04	0.75	not significant
cylinder num3	0.51	0.02	*
cylinder num12	-0.13	0.66	not significant
cylinder num2	0.31	0.12	not significant
Audi	0.07	0.62	not significant
BMW	0.36	8.25e-04	***
Buick	-0.05	0.72	not significant
Chevrolet	-0.25	0.05	.
Dodge	-0.35	1.07e-03	**
Honda	-0.18	0.09	.
Isuzu	-0.16	0.30	not significant
Jaguar	-0.37	0.02	*
Mazda	-0.09	0.34	not significant
Mercury	-0.15	0.32	not significant
Mitsubishi	-0.40	2.21e-04	***
Nissan	-0.15	0.12	not significant
Peugeot	-0.37	4.53e-03	**
Plymouth	-0.36	8.23e-04	***
Porsche	0.03	0.83	not significant
Renault	-0.27	0.05	.
Saab	0.1	0.39	not significant

	Estimate	Pr(> t)	significance
Subaru	-0.20	0.10	.
Toyota	-0.20	0.03	*
Volkswagen	-0.12	0.26	not significant
Volvo	-0.09	0.43	not significant
symboling	1.43e-03	0.93	not significant
wheelbase	0.02	6.54e-04	***
carlength	-7.39e-03	0.02	*
carwidth	0.03	0.02	*
carheight	-0.03	1.06e-04	***
curbweight	5.29e-04	1.21e-06	***
enginesize	2.55e-03	0.07	.
boreratio	-0.17	0.1	.
stroke	-0.01	0.82	not significant
compressionratio	-0.01	0.62	not significant
horsepower	0.02e-04	0.41	not significant
peakrpm	5.31e-05	0.15	not significant
citympg	-0.01	0.08	.
highwaympg	0.01	0.19	not significant

Signif.codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 'not significant' 1

Table 1.2: *Full Main Effect Model results*

From Table 1.2, we can see that some covariates are insignificant. Hence, we conducted stepwise selection with both forward and backward direction and AIC as selection criteria [10]. From the AIC stepwise selection, we obtained the stepwise model for main effects.

The formula for stepwise main effect is as follows:

Stepwise Model 1 Formula

log(price)~aspiration+carbody+enginolocation+cylindernumber
+car_company+wheelbase+carlength+carwidth+carheight+curbweight+enginesize
+boreratio+peakrpm+citympg+highwaympg

The following table shows the result of the stepwise selection for main effects.

	Estimate	Pr(> t)	significance
(Intercept)	7.12	3.04e-14	***
Aspiration Turbo	0.11	2.93e-04	***
Carbody Hardtop	-0.11	0.05	.
Carbody Hatchback	-0.19	2.73e-03	**
Carbody Sedan	-0.10	0.12	not significant
Carbody Wagon	-0.12	0.12	not significant
enginolocation rear	0.82	9.36e-11	***
cylinder num5	0.02	0.84	not significant
cylinder num4	0.17	0.2	not significant
cylinder num6	0.01	0.92	not significant
cylinder num3	0.49	0.02	*
cylinder num12	-0.13	0.46	not significant

	Estimate	Pr(> t)	significance
cylinder num2	0.19	0.09	.
Audi	0.02	0.84	not significant
BMW	0.34	5.85e-04	***
Buick	-1.1	0.39	not significant
Chevrolet	-0.29	0.02	*
Dodge	-0.4	2.17e-05	***
Honda	-0.23	-0.01	*
Isuzu	-0.15	0.13	not significant
Jaguar	-0.45	1.25e-03	***
Mazda	-0.12	0.20	not significant
Mercury	-0.16	0.30	not significant
Mitsubishi	-0.45	8.02e-07	***
Nissan	-0.18	0.03	*
Peugeot	-0.39	4.68e-04	***
Plymouth	-0.40	2.5e-05	***
Porsche	0.02	0.90	not significant
Renault	-0.32	5.46e-03	**
Saab	0.07	0.55	not significant
Subaru	-0.12	0.04	*
Toyota	-0.22	9.97e-03	**
Volkswagen	-0.15	0.08	.
Volvo	-0.12	0.25	not significant
wheelbase	0.02	1.83e-04	***
carlength	-0.01	5.63e-03	**
carwidth	0.03	0.02	*
carheight	-0.03	1.43e-05	***
curbweight	6.01e-4	5.71e-12	***
enginesize	2.76e-3	0.02	*
boreratio	-0.16	0.09	.
peakrpm	6.5e-5	0.03	*
citympg	-0.02	0.02	*
highwaympg	0.01	0.09	.

Signif.codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 'not significant' 1

Table 1.3: *Stepwise Main Effect Model results*

For the second model, I firstly constructed the model with all the covariates (excluding the covariates that causes the collinearity issues) plus the squared of the numeric terms.

Full Model 2 Forumula

log(price)~fueltype+aspiration+doornumber+carbody+drivewheel+engineloation+
cylindernumber+car_company+symboling+wheelbase+carlength+carwidth+carheight+curbweight+enginesize
+boreratio+stroke+compressionratio+horsepower+peakrpm+citympg+highwaympg
+wheelbase^2 + carlength^2 + carwidth^2 +carheight^2 + curbweight^2

- enginesize^2 + boreratio^2 +peakrpm^2 + citympg^2 + highwaympg^2

The following table shows the results of full main effect model with squared numeric terms.

	Estimate	Pr(> t)	significance
(Intercept)	18.87	0.20	not significant
Fueltype gas	0.21	0.63	not significant
Aspiration Turbo	0.10	0.05	.
Doornumber two	-0.03	0.29	not significant
Carbody Hardtop	-0.19	0.02	*
Carbody Hatchback	-0.22	2.36e-03	***
Carbody Sedan	-0.15	0.05	*
Carbody Wagon	-0.14	0.11	not significant
Drivewheel fwd	-0.02	0.67	not significant
Drivewheel rwd	-0.02	0.74	not significant
enginelocation rear	0.75	4.54e-07	***
cylinder num5	0.12	0.47	not significant
cylinder num4	0.26	0.19	not significant
cylinder num6	0.10	0.47	not significant
cylinder num3	0.56	0.04	*
cylinder num12	-0.41	0.21	not significant
cylinder num2	0.16	0.58	not significant
Audi	0.05	0.78	not significant
BMW	0.42	1.13e-03	**
Buick	0.18	0.38	not significant
Chevrolet	-0.25	0.09	.
Dodge	-0.36	2.85e-03	**
Honda	-0.19	0.11	not significant
Isuzu	-0.10	0.43	not significant
Jaguar	-0.04	0.87	not significant
Mazda	-0.02	0.83	not significant
Mercury	-0.09	0.61	not significant
Mitsubishi	-0.40	7.56e-04	***
Nissan	-0.10	0.37	not significant
Peugeot	-0.22	0.14	not significant
Plymouth	-0.37	1.85e-03	**
Porsche	0.06	0.68	not significant
Renault	-0.25	0.08	.
Saab	0.14	0.30	not significant
Subaru	-0.13	0.35	not significant
Toyota	-0.18	0.10	.
Volkswagen	-0.11	0.36	not significant
Volvo	1.64e-03	0.99	not significant
symboling	2.92e-03	0.87	not significant
wheelbase	0.04	0.65	not significant
carlength	0.02	0.73	not significant
carwidth	-0.25	0.52	not significant
carheight	-0.22	0.37	not significant
curbweight	1.59e-03	6.92e-03	**
enginesize	9.74e-04	0.81	not significant
boreratio	-0.11	0.94	not significant
stroke	0.22	0.74	not significant
compressionratio	0.02	0.63	not significant
horsepower	7.68e-04	0.53	not significant
peakrpm	-5.02e-04	0.21	not significant
citympg	-0.04	0.29	not significant
highwaympg	7.74e-04	0.98	not significant
I(wheelbase^2)	-9.46e-05	0.84	not significant
I(carlength^2)	-7.12e-05	0.59	not significant
I(carwidth^2)	2.13e-03	0.47	not significant
I(carheight^2)	1.67e-03	0.46	not significant
I(curbsweight^2)	-2.03e-07	0.06	.
I(enginesize^2)	5.67e-06	0.47	not significant

	Estimate	Pr(> t)	significance
I(boreratio ^2)	-0.02	0.95	not significant
I(peakrpm) ^2	5.46e-08	0.16	not significant
I(citympg^2)	4.46e-04	0.46	not significant
I(highwaympg^2)	1.25e-04	0.81	not significant

Signif.codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 'not significant' 1

Table 1.4: *Full Main Effect Model with Squared Terms results*

From Table 1.4, we can see that some covariates are insignificant. Hence, we conducted stepwise selection with both forward and backward direction and AIC as selection criteria. From the AIC stepwise selection, we obtained the stepwise model for main effects plus squared numeric terms.

The formula for stepwise main effect plus squared numeric model is as follows:

Stepwise Model 2 Formula

log(price) ~ aspiration + carbody + enginelocation
+car_company + carheight + curbweight + peakrpm + citympg
+wheelbase^2 + carlength^2 + carwidth^2 + curbweight^2
+enginesize^2 + peakrpm^2 + citympg^2 + highwaympg^2

The following table shows the result of the stepwise selection for main effects plus squared numeric terms.

	Estimate	Pr(> t)	significance
(Intercept)	9.07	6.38e-13	***
Aspiration Turbo	0.11	7.62e-05	***
Carbody Hardtop	-0.17	0.01	*
Carbody Hatchback	-0.23	1.82e-04	***
Carbody Sedan	-0.16	0.01	*
Carbody Wagon	-0.16	0.02	*
enginelocation rear	0.68	5.36e-11	***
Audi	-0.03	0.78	not significant
BMW	0.31	5.16e-04	***
Buick	0.04	0.73	not significant
Chevrolet	-0.19	0.07	.
Dodge	-0.35	1.1e-03	**
Honda	-0.2	0.02	*
Isuzu	-0.13	0.18	not significant
Jaguar	-0.12	0.46	not significant
Mazda	-0.10	0.20	not significant
Mercury	-0.17	0.23	not significant
Mitsubishi	-0.39	3.90e-06	***
Nissan	-0.16	0.05	*
Peugeot	-0.33	7.12e-04	***
Plymouth	-0.35	8.51e-05	***
Porsche	0.02	0.86	not significant
Renault	-0.29	0.01	**
Saab	0.08	0.43	not significant

	Estimate	Pr(> t)	significance
Subaru	-0.25	2.34e-03	**
Toyota	-0.22	4.98e-03	**
Volkswagen	-0.15	0.07	.
Volvo	-0.1	0.27	not significant
carheight	-0.03	2.61e-05	***
curbweight	1.43e-03	2.19e-05	***
peakrpm	-4.85e-04	0.14	not significant
citympg	-0.04	1.13e-03	**
I(wheelbase^2)	1.06e-04	2.49e-05	***
I(carlength ^2)	-2.17e-05	7.87e-03	**
I(carwidth ^2)	1.98e-04	0.02	*
I(curbweight ^2)	-1.71e-07	5.98e-03	**
I(engine size ^2)	3.96e-06	0.01	*
I(peakrpm ^2)	5.27e-08	0.09	.
I(citympg^2)	3.5e-04	0.08	.
I(highwaympg^2)	1.84e-04	0.06	.

Signif.codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 'not significant' 1

Table 1.5: *Stepwise Main Effect Model with Squared Terms results*

For each stepwise model, we decided to conduct likelihood ratio test to compare with their respective full models. The following are the results of the likelihood ratio tests.

H_0 : Our stepwise model is the same as its respective full model.

H_a : Our stepwise model different from its respective full model.

Tests	Model	LogLikelihood value	Test Statistics	$P(\chi^2 \geq \chi^2_{test})$
Full Model 1 vs Stepwise Model 1	Full Model 1	-1733 (df=53)	1.93(df=8)	0.983
	Stepwise Model 1	-1735 (df=45)		
Full Model 2 vs Stepwise Model 2	Full Model 2	-1721 (df=63)	9.42(df=22)	0.991
	Stepwise Model 2	-1731 (df=41)		

Table 1.6: *Likelihood Ratio Tests for Full Models vs Stepwise AIC Models*

Since p-values for both likelihood ratio tests are large, we fail to reject the null hypothesis. Also, since the p-values are close to 1, there is a significant evidence to support that our Stepwise Models are the same as their respective full model counterparts.

Next, we are going to conduct deviance tests for both Best Models in order to check model adequacy.

H_0 : Our stepwise model is adequate.

H_a : Our stepwise model not adequate.

Model	Residual Deviance	$P(\chi^2 \geq \chi^2_{test})$
Stepwise Model 1	2.01 (161 df)	1
Stepwise Model 2	1.83(165 df)	1

Table 1.7: *Deviance Tests for Stepwise AIC Models*

Since p-values for both deviance tests are large we fail to reject the null hypothesis. Also, since the p-values are 1, there is a significant evidence to support that our Stepwise Models are adequate.

We then decided to choose the best model out of those two Stepwise models after the model adequacy testing. Since Stepwise Model 1 and Stepwise Model 2 are not nested model for each other, we cannot use Likelihood

Ratio Test for model comparison. Instead, we decided to use AIC score, Pseudo R^2 and deviance values as the selection criteria.

Stepwise Model 1: AIC= 3560, Pseudo- R^2 = 0.965, deviance= 2.01 (161 df)

Stepwise Model 2: AIC= 3543, Pseudo- R^2 = 0.966, deviance= 1.83 (165 df)

Since Stepwise Model 2 has the lower AIC, higher Pseudo R^2 and lower deviance score than Stepwise Model 1, we decided to choose Stepwise Model 2 as our best model.

Next, we constructed 95% t-confidence interval for our parameter estimates. We obtained the confidence interval of parameter estimates by

$$\hat{\beta}_i \pm SE_{\hat{\beta}_i} t_{\alpha/2, 165}$$

	Estimate	SE	Lower Limit	Upper Limit
(Intercept)	9.07	1.16	6.77	11.36
Aspiration Turbo	0.11	0.03	0.06	0.17
Carbody Hardtop	-0.17	0.07	-0.31	-0.04
Carbody Hatchback	-0.23	0.06	-0.34	-0.11
Carbody Sedan	-0.16	0.06	-0.28	-0.03
Carbody Wagon	-0.16	0.07	-0.29	-0.02
enginelocation rear	0.68	0.1	0.49	0.87
Audi	-0.03	0.09	-0.21	0.16
BMW	0.31	0.09	0.14	0.48
Buick	0.04	0.12	-0.19	0.27
Chevrolet	-0.19	0.11	-0.40	0.02
Dodge	-0.35	0.09	-0.52	-0.17
Honda	-0.2	0.09	-0.37	-0.03
Isuzu	-0.13	0.09	-0.31	0.06
Jaguar	-0.12	0.16	-0.42	0.19
Mazda	-0.10	0.08	-0.26	0.05
Mercury	-0.17	0.13	-0.44	0.10
Mitsubishi	-0.39	0.08	-0.55	-0.23
Nissan	-0.16	0.08	-0.32	-2.64e-03
Peugeot	-0.33	0.10	-0.52	-0.14
Plymouth	-0.35	0.09	-0.53	-0.18
Porsche	0.02	0.11	-0.19	0.23
Renault	-0.29	0.11	-0.55	-0.08
Saab	0.08	0.1	-0.12	0.26
Subaru	-0.25	0.08	-0.42	-0.09
Toyota	-0.22	0.08	-0.37	-0.07
Volkswagen	-0.15	0.08	-0.31	0.01
Volvo	-0.1	0.09	-0.28	0.08
carheight	-0.03	6.81e-03	-0.04	-0.02
curbweight	1.43e-03	3.26e-04	7.82e-04	2.07e-03
peakrpm	-4.85e-04	3.25e-04	-1.13e-03	1.57e-04
citympg	-0.04	0.01	-0.06	-0.02
I(wheelbase^2)	1.06e-04	2.43e-05	5.75e-05	1.54e-04
I(carlength ^2)	-2.17e-05	8.07e-06	-3.77e-05	-5.78e-06
I(carwidth ^2)	1.98e-04	8.67e-05	2.67e-05	3.69e-04
I(curbweight ^2)	-1.71e-07	6.14e-08	-2.92e-07	-4.98e-08
I(engine size ^2)	3.96e-06	1.55e-06	8.94e-07	7.01e-06
I(peakrpm ^2)	5.27e-08	3.08e-08	-8.19e-09	1.14e-07
I(citympg^2)	3.5e-04	2.01e-04	-4.71e-05	7.47e-04
I(highwaympg^2)	1.84e-04	9.84e-05	-10e-06	3.79e-04

Table 1.8: 95 % *t*-confidence interval for paramter estimates

Also, since our response is $\log(\text{car price})$, we also constructed the 95% *t*-confidence interval for multiplicative effects. We obtained the confidence interval of multiplicative effects by

$$\exp(\hat{\beta}_i \pm SE_{\hat{\beta}_i} t_{\alpha/2, 165})$$

	$\exp(\hat{\beta}_i)$	Lower Limit	Upper Limit
(Intercept)	8468.52	873.67	85612.46
Aspiration Turbo	1.12	1.06	1.18
Carbody Hardtop	0.84	0.74	0.96
Carbody Hatchback	0.80	0.71	0.90
Carbody Sedan	0.86	0.76	0.97
Carbody Wagon	0.86	0.75	0.98
engine location rear	1.97	1.63	2.38
Audi	0.97	0.81	1.17
BMW	1.36	1.15	1.62
Buick	1.04	0.83	1.31
Chevrolet	0.83	0.67	1.02
Dodge	0.71	0.60	0.84
Honda	0.82	0.69	0.97
Isuzu	0.88	0.73	1.06
Jaguar	0.89	0.65	1.21
Mazda	0.90	0.77	1.06
Mercury	0.85	0.64	1.11
Mitsubishi	0.68	0.58	0.80
Nissan	0.85	0.73	1
Peugeot	0.72	0.59	0.87
Plymouth	0.70	0.59	0.84
Porsche	1.02	0.83	1.26
Renault	0.75	0.60	0.93
Saab	1.08	0.89	1.30
Subaru	0.78	0.66	0.91
Toyota	0.80	0.69	0.94
Volkswagen	0.86	0.73	1.02
Volvo	0.91	0.76	1.08
carheight	0.97	0.96	0.98
curbweight	1.00	1.00	1.00
peakrpm	1.00	1.00	1.00
citympg	0.96	0.94	0.99
I(wheelbase ²)	1.00	1.00	1.00
I(carlength ²)	1.00	1.00	1.00
I(carwidth ²)	1.00	1.00	1.00
I(curbweight ²)	1.00	1.00	1.00
I(engine size ²)	1.00	1.00	1.00
I(peakrpm ²)	1.00	1.00	1.00
I(citympg ²)	1.00	1.00	1.00
I(highwaympg ²)	1.00	1.00	1.00

Table 1.9: 95 % *t*-Confidence Interval for multiplicative effect

Finally, we did residual analysis to check whether our residuals follow normality and constant variance assumptions. For our analysis, we decided to use standardized residuals instead of residuals for easier interpretations. We obtained standardized residuals by finding the difference between observed and fitted values and dividing with fitted values. Afterwards, we drew the residuals plots for further analysis.

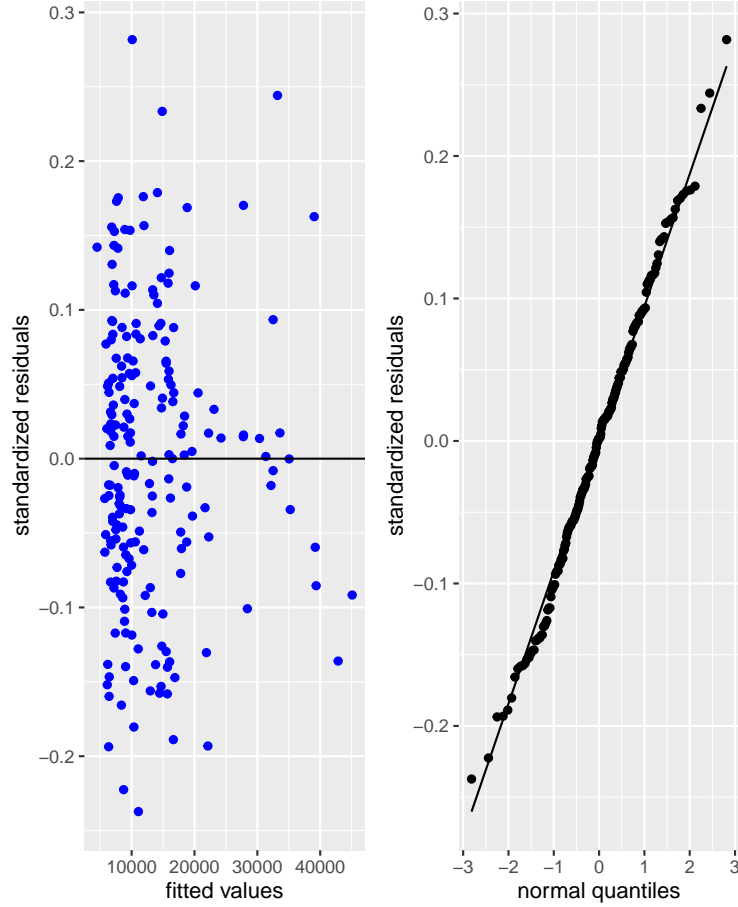


Figure 3: Distribution of the price.
(Left) Std. Residual vs Fitted (Right) Normal QQ Plot of Std. Residuals .

From the plot of standardized residual vs fitted, we can see that there is no obvious pattern within the standardized residuals. From the Normal QQ plot of standardized residuals, we can see that most of the standardized residuals revolve around the normality line and there is no residual that greatly deviates from that line. Hence, results from the standardized residuals indicate that our model is a good fit.

Conclusion

Our best model include covariates: aspiration, enginetype, carbody, carcompany, carheight, curbweight, peakrpm, citympg, wheelbase, carlength, carwidth, enginesize and highwaympg. Before we proceed with the conclusion of this analysis, the following are some of the highlights of our parameter interpretations.

- (1) Car price is increased by approximately 2 folds when a car has a rear engine.
- (2) Car bodies other than convertible (reference level) causes car price to go down.
- (3) Among car manufacturers, BMW has the best reputation as car price increases by 1.4 times when the brand is BMW. On the other hand, the opposite is true for Plymouth and Dodge having the worst reputation (car price decreases by 29% when those companies are manufacturers).
- (4) Most numeric covariates in our model has the quadratic relationship with log(price).
- (5) Our Pseudo- R^2 value is exceptionally high (approximately around 96%)/

Even though our model shows the promising prospects on studying car prices in the United States, there are certain limitations that we need to address.

Firstly, electric cars that are made up of 10% of current car market are not included in our dataset. Secondly, we can see the absence of luxury cars and sports cars. Finally, the data is limited for certain brands such as Mercury only having one sample in our entire dataset.

Therefore, it can be concluded that although our model shows promising results for the study of car prices, it may not reflect the current car prices in the United States due to the limitations of our data.

Heart Disease Classification

Introduction

Heart Failure, also known as congestive heart failure, can broadly be defined as a condition that happens when the heart cannot supply the body’s need for Oxygen and blood [11]. According to the latest annual statistical report from the American Heart Association and the National Institutes of Health, about 6.2 million adults in the United States have heart failure [12]. Furthermore, in 2018, heart failure was mentioned on 379,800 death certificates (13.4%) [12] and cost about \$30 billion annually [13].

This suggests that identifying the core health behaviors and risk factors influencing heart failure is critical not only for our community health but also for our economy. Therefore, we decided to analyze the “Heart Failure prediction” data set [3] to find variables playing a key role in heart failure. As the response in our data set is binary (0 or 1), we used logistic regression to model the probability of having heart failure. Moreover, we performed variable selection to select the best model and determine major factors in heart failure (details in the Statistical Analyses section).

This study has generally revealed causal factors in heart failure such as sex, exercise angina (a type of chest pain during performing exercises), distinctive types of chest pain, and squared Cholesterol level.

The generalisability of our results is subject to certain limitations. For instance, our data set does not cover younger generations (less than 28 years old), which will cause the analyses to be biased toward older ages. Another issue that was not addressed in this study was the mortality of the patients. This might not seem arguable at first look. However, many patients with asymptomatic chest pain might have lived without any critical problems throughout their lives, and patients with other types of chest pain might have faced devastating situations. This might cause our findings to be questionable from different perspectives. Overall, our study concluded significant risk factors in heart failure. The following chapters are a detailed description of our analyses, methods, and results.

Data Collection and exploration

The data were collected from the Kaggle website (kaggle.com), an online open-source community of data scientists and machine learning practitioners. One can easily access the online version of our data through [3]. The data contain 918 subjects with 11 covariates and one binary response (Heart Failure or not). The data do not have any missing values and are ready for analysis.

Figure 4 represents the distribution of age in samples for their sexuality and heart condition. As it is obvious, the number of male samples is dramatically higher than female samples indicating whether our data set is biased or males have more heart failure than females. According to two distinctive independent studies, men have more incidents of heart failure, which is consistent with our data set [14], [15]. Another observation in Figure 4 is that the range of the age starts from 28, showing that our data set does not contain younger generations, and our analysis is not valid for younger ages.

As shown in Appendix Figure 3 (A), asymptomatic chest pain type is more frequent in men and women, and also samples with asymptomatic chest pain type are more exposed to heart failure. This observation is not surprising because patients with heart failure may show symptoms [16]. Appendix Figure 3 (B) presents that samples with exercise-induced angina² are more exposed to heart failure in both sex groups.

In Appendix Figure 4, we can see that the patients with heart problems have higher oldpeak³, and as one might suspect, the heart failure might be affected by the quadratic of the oldpeak as well. Therefore, we decided to include quadratic forms of numerical variables in our modeling as well. A detailed description of the main findings, together with our conclusion, is provided in the next chapters.

Statistical Analyses

²Angina is a type of chest pain caused by reduced blood flow to the heart [17].

³ST depression induced by exercise relative to rest [18].

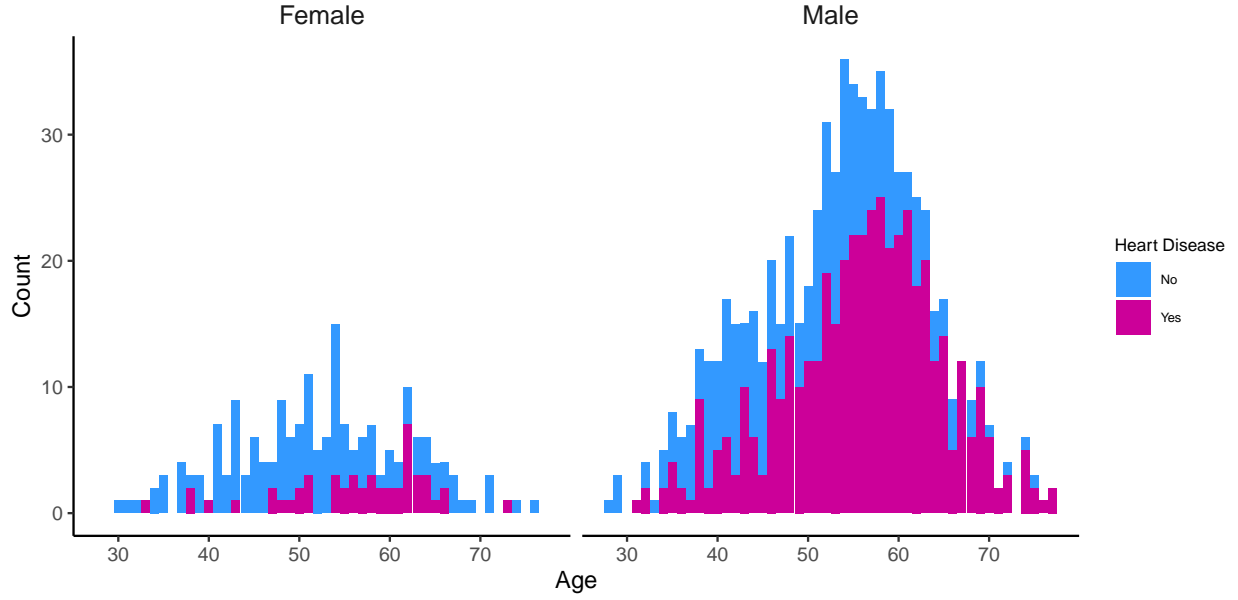


Figure 4: The distribution of the age of the samples with respect to their sex and heart condition

Three GLM models and stepwise AIC selection

To begin with, let's assign each feature with a variable name.

Data Dictionary			
Variable Name	Definition	Explanation	Variable name
Age	age of the patient	years	x_1
Sex	sex of the patient	M: Male, F: Female	x_2
ChestPainType	chest pain type	TA: Typical Angina, ATA: Atypical Angina, NAP: Non-Anginal Pain, ASY: Asymptomatic	x_3
RestingBP	resting blood pressure	mm Hg	x_4
Cholesterol	serum cholesterol	1: if FastingBS > 120 mg/dl, 0: otherwise	x_5
FastingBS	fasting blood sugar	Normal: Normal, ST: having ST-T wave abnormality (T wave inversions and/or ST elevation or depression of > 0.05 mV), LVH: showing probable or definite left ventricular hypertrophy by Estes' criteria	x_6
RestingECG	resting electrocardiogram results	Numeric value between 60 and 202	x_7
MaxHR	maximum heart rate achieved	Y: Yes, N: No	x_8
ExerciseAngina	exercise-induced angina	Numeric value measured in depression	x_9
Oldpeak	oldpeak = ST	Numeric value measured in depression	x_{10}
ST_Slope	the slope of the peak exercise ST segment	Up: upsloping, Flat: flat, Down: downsloping	x_{11}
HeartDisease	output class	1: heart disease, 0: Normal	y

Modeling All the Main Covariates Since the response is having heart disease or not, it is a binomial distributed response. So it is suggested we could use a logistic regression model. At first, we created a logistic model of all the main effects, and the formula of the model is

$$\log \frac{p}{1-p} = \beta_0 + \sum_{i=1}^{11} \beta_i x_i$$

where p is the probability to get the heart disease, and $\beta_i, i = 1, 2, \dots, 11$ is the coefficients of the parameter, β_0 is the intercept. So we fitted the model, and got the estimated parameters shown in the table below.

	Estimate	Pr(> z)	significance
(Intercept)	-1.16	0.411	not significant
Age	0.0166	0.21	not significant
SexM	1.47	1.6e-07	***
ChestPainTypeATA	-1.83	2.03e-08	***
ChestPainTypeNAP	-1.69	2.34e-10	***
ChestPainTypeTA	-1.49	0.00058	*
RestingBP	0.00419	0.485	not significant
Cholesterol	-0.00411	0.000154	*
FastingBS	1.14	3.59e-05	**
RestingECGNormal	-0.177	0.515	not significant
RestingECGST	-0.269	0.443	not significant
MaxHR	-0.00429	0.393	not significant
ExerciseAnginaY	0.9	0.000231	*
Oldpeak	0.381	0.00131	.
ST_SlopeFlat	1.45	0.000703	*
ST_SlopeUp	-0.994	0.0272	.

As we can see from the table, there are some variables that are not significant. We should drop some variables to make the model simpler. We choose backward step selection to do so. And we get our estimated parameters shown in the table below.

	Estimate	Pr(> z)	significance
(Intercept)	-1.72	0.0436	.
Age	0.0231	0.0518	not significant
SexM	1.47	1.36e-07	***
ChestPainTypeATA	-1.86	8.89e-09	***
ChestPainTypeNAP	-1.72	6.13e-11	***
ChestPainTypeTA	-1.49	0.000494	*
Cholesterol	-0.00398	0.000106	*
FastingBS	1.13	3.41e-05	**
ExerciseAnginaY	0.936	8.21e-05	**
Oldpeak	0.377	0.00121	.
ST_SlopeFlat	1.46	0.000654	*
ST_SlopeUp	-1.03	0.0211	.

From the table, we can see all the variables are significant now. here is the **model 1** formula.

$$\begin{aligned} \log \frac{\hat{p}}{1-\hat{p}} = & -1.7 + 0.023\text{Age} + 1.5\text{SexM} - 1.9\text{ChestPainTypeATA} \\ & - 1.7\text{ChestPainTypeNAP} - 1.5\text{ChestPainTypeTA} - 0.0040\text{Cholesterol} \\ & - 1.1\text{FastingBS} + 0.94\text{ExerciseAnginaY} + 0.38\text{Oldpeak} \\ & + 1.5\text{ST_slopeFlat} - 1.0\text{ST_slopeUp} \end{aligned}$$

We need to test if the selected model is good enough to represent the origin mode. We did log-likelihood ratio test for the step-wise selected variables to see if the drop out is good. The null hypothesis is

$$H_0 : \beta_{\text{RestingBP}} = \beta_{\text{RestingECG}} = \beta_{\text{MaxHR}} = 0 \text{ v.s } H_1 : \text{At least one of these parameters not } 0$$

We using the formula to get LLR statistic as

$$LLR = 2(\ell(\text{full model}) - \ell(\text{reduced mode})) = 2 \times (-297.0925 + 297.9042) = 0.804$$

with degrees of freedom of 4. So we can calculate the p-value is 0.8046016, which is very high. So we cannot reject H_0 . So we can accept the reduced model.

Modeling the Square of Numerical Variables Now we investigated the square of the numerical variables. We did this approach because response may have some quadratic effect of the numerical variables, and square of categorical variables do not make any difference. The odds model is

$$\log \frac{p}{1-p} = \beta_0 + \sum_{i=1}^{11} \beta_i x_i + \beta_{12} x_1^2 + \beta_{42} x_4^2 + \beta_{72} x_7^2 + \beta_{102} x_{10}^2$$

The model is fitted by R. And all the parameters and significance of them are demonstrated in the table below.

	Estimate	Pr(> z)	significance
(Intercept)	3.34e+00	4.96e-01	not significant
Age	-2.90e-02	7.86e-01	not significant
SexM	1.49e+00	2.00e-07	***
ChestPainTypeATA	-1.71e+00	2.00e-07	***
ChestPainTypeNAP	-1.68e+00	0.00e+00	***
ChestPainTypeTA	-1.38e+00	2.31e-03	.
RestingBP	-2.86e-02	5.47e-01	not significant
Cholesterol	-1.16e-02	2.87e-05	**
FastingBS	1.08e+00	1.73e-04	*
RestingECGNormal	-1.65e-01	5.53e-01	not significant
RestingECGST	-2.96e-01	4.10e-01	not significant
MaxHR	-2.29e-02	5.81e-01	not significant
ExerciseAnginaY	1.08e+00	2.09e-05	**
Oldpeak	-3.04e-01	3.33e-01	not significant
ST_SlopeFlat	1.77e+00	1.12e-04	*
ST_SlopeUp	-7.29e-01	1.26e-01	not significant
I(MaxHR^2)	7.45e-05	6.24e-01	not significant
I(Age^2)	4.72e-04	6.37e-01	not significant
I(Oldpeak^2)	2.67e-01	1.96e-02	.
I(RestingBP^2)	1.20e-04	4.95e-01	not significant
I(Cholesterol^2)	2.17e-05	2.22e-03	.

But there are still some useless covariates in the model. To simplify the model, a backward step-wise selection was used to the square of numerical model. The parameters and their significance of selected model are shown in the table.

	Estimate	Pr(> z)	significance
(Intercept)	-1.05e+00	1.25e-01	not significant
SexM	1.50e+00	1.00e-07	***
ChestPainTypeATA	-1.72e+00	1.00e-07	***
ChestPainTypeNAP	-1.68e+00	0.00e+00	***
ChestPainTypeTA	-1.37e+00	1.98e-03	.
Cholesterol	-1.18e-02	9.90e-06	***
FastingBS	1.05e+00	2.10e-04	*
ExerciseAnginaY	1.02e+00	1.92e-05	**
ST_SlopeFlat	1.74e+00	1.20e-04	*
ST_SlopeUp	-7.23e-01	1.22e-01	not significant
I(Age^2)	2.22e-04	4.77e-02	.
I(Oldpeak^2)	1.70e-01	2.21e-04	*
I(Cholesterol^2)	2.24e-05	1.44e-03	.

We now apply Log-likelihood ratio test to get

$$LLR = 2(\ell(\text{full model}) - \ell(\text{reduced mode})) = 2 \times (-286.9175 + 288.5404) = 3.245983$$

with 4 degrees of freedom. So the p-value is 0.9179859, which means the reduction is highly possible.

Modeling the Interaction of Numerical We also modeled the interaction between numerical terms, and the model is

$$\log \frac{p}{1-p} = \beta_0 + \sum_{i=1}^{11} \beta_i x_i + \sum_{i \in \mathcal{N}} \beta_{i2} x_i^2 + \sum_{i \in \mathcal{N}} \sum_{j \in \mathcal{N}} \beta_{ij} x_i x_j$$

We also did backward stepwise selection to reduce the model, and got all the coefficients demonstrated in the table below

	Estimate	Pr(> z)	significance
(Intercept)	-1.950000	1.29e-01	not significant
Age	0.021300	9.17e-02	not significant
SexM	1.420000	4.00e-07	***
ChestPainTypeATA	-1.810000	0.00e+00	***
ChestPainTypeNAP	-1.660000	0.00e+00	***
ChestPainTypeTA	-1.450000	9.97e-04	*
Cholesterol	-0.003860	2.71e-04	*
FastingBS	1.200000	1.44e-05	**
MaxHR	0.000751	8.97e-01	not significant
ExerciseAnginaY	0.993000	6.60e-05	**
Oldpeak	0.668000	3.73e-01	not significant
ST_SlopeFlat	1.810000	7.59e-05	**
ST_SlopeUp	-0.732000	1.20e-01	not significant
I(Oldpeak^2)	0.324000	6.27e-03	.
MaxHR:Oldpeak	-0.007750	1.42e-01	not significant

Similarly, we did a Log-likelihood ratio test to the reduction, and get

$$LLR = 2(\ell(\text{full model}) - \ell(\text{reduced mode})) = 2 \times (-288.2246 + 292.3055) = 8.161785$$

with 11 degrees of freedom. So the p-value is 0.699, which means the reduction is acceptable.

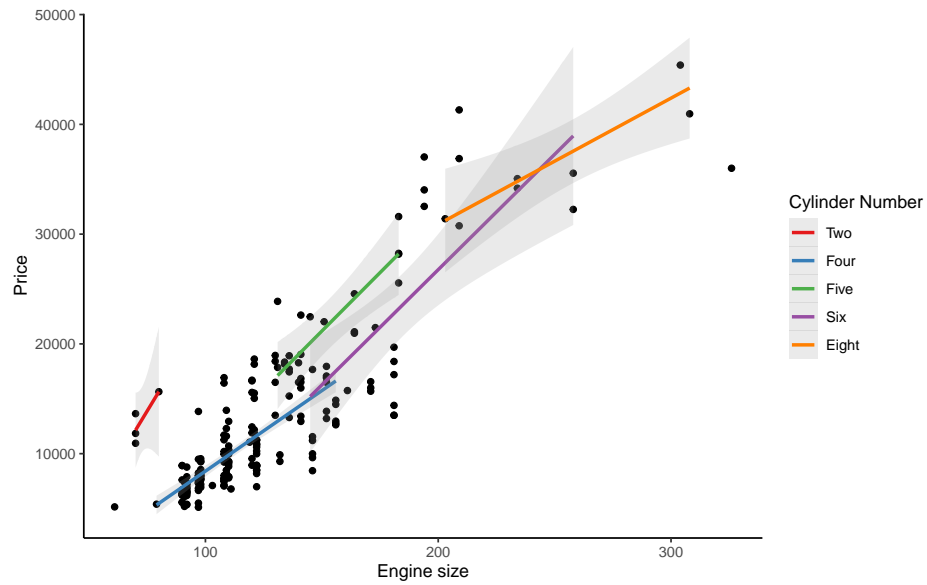
Analysis of the Three Models

1. ROC, Deviance Test, Pseudo-R square,

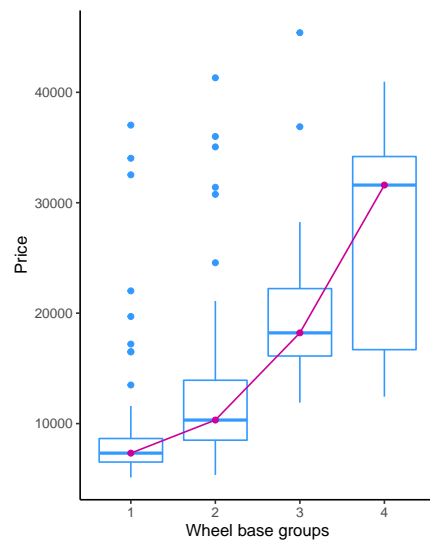
Conclusion

Appendix

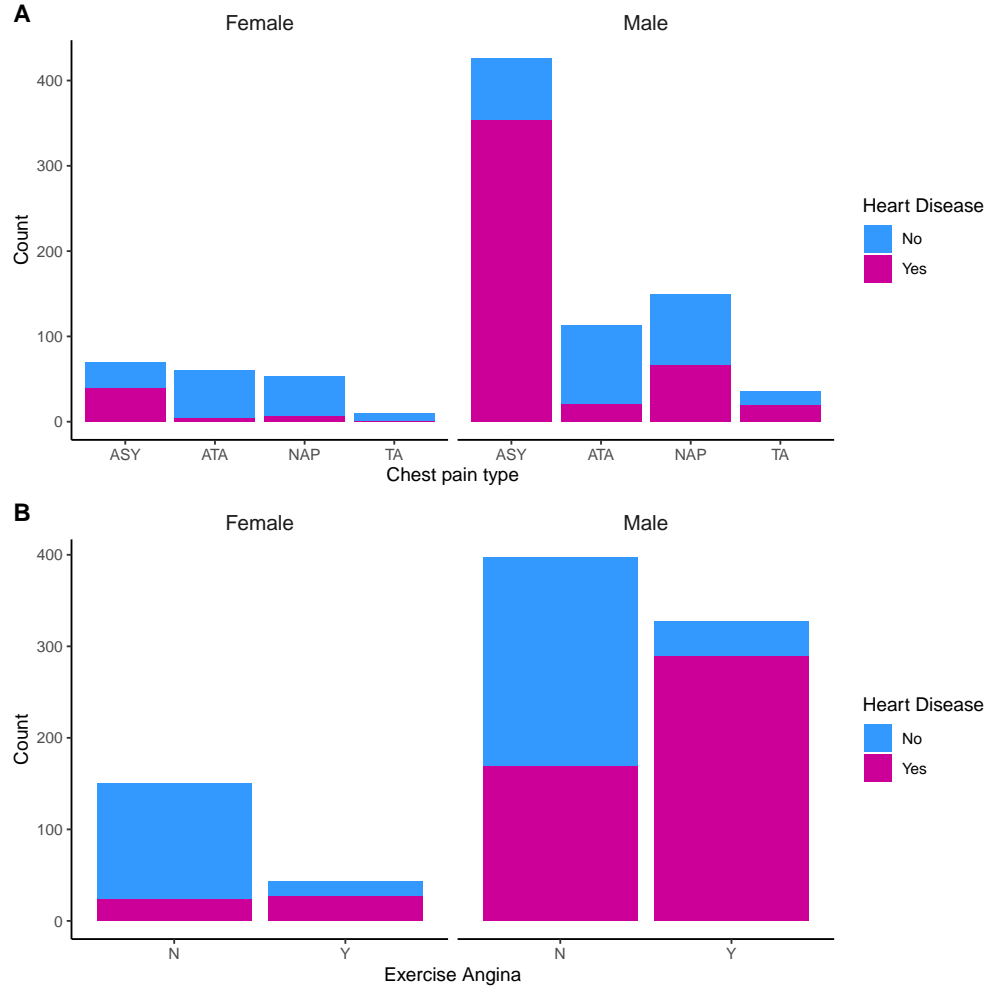
Appendix Figures



Appendix Figure 1: The correlation between engine size and price for distinctive number of Cylinders



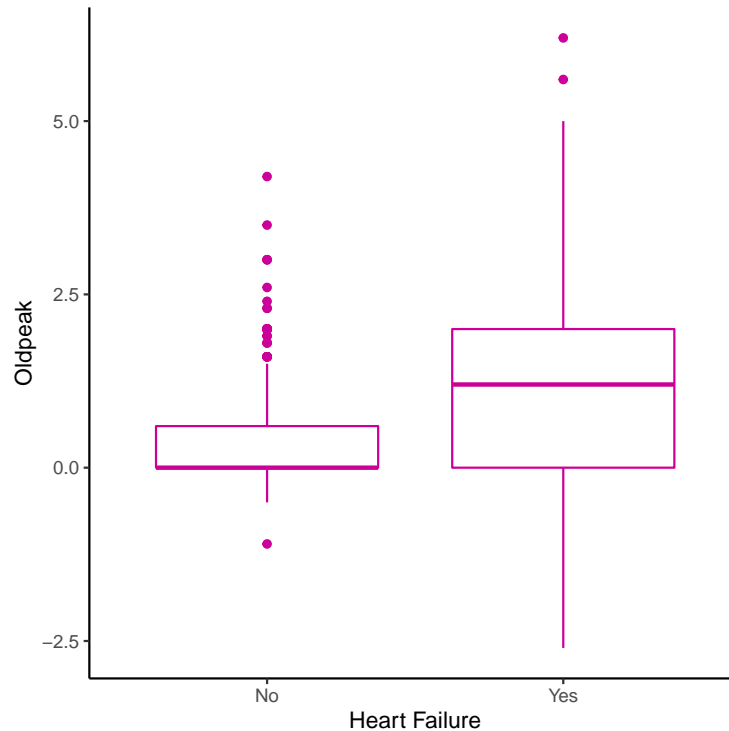
Appendix Figure 2: The quadratic increase of price with different groups of wheelbase.



Appendix Figure 3: The number of samples with different chest pain type and exercise angina. (A) The distinctive chest pain types in different genders. TA: Typical Angina, ATA: Atypical Angina, NAP: Non-Anginal Pain, ASY: Asymptomatic (B) Number of samples with exercise angina with respect to their sex. Y: Yes, with exercise angina and N: No, without exercise angina.

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Appendix Figure 4: The relationship between having heart disease and the oldpeak.

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