

# Notes on PSTAT 207

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## Week 3

### Moments of Distribution

**Theorem 1.** If  $\mathbb{E}|X|^k < \infty$  for some  $k > 0$ , then  $n^k \mathbb{P}(|X| > n) \rightarrow 0$  ( $n \rightarrow \infty$ ).

*Proof.*

$$\mathbb{E}|X|^k = \int_{\mathbb{R}} |x|^k dF(x) < \infty < \infty \quad (1)$$

$$\forall \varepsilon > 0, \exists N > 0, \int_{|x| \geq N} |x|^k dF(x) < \varepsilon \quad (2)$$

with a simple Markov estimation

$$\int_{|x| \geq N} |x|^k dF(x) \geq N^k \mathbb{P}(|X| \geq N) \quad (3)$$

set  $\varepsilon \rightarrow 0, N \rightarrow \infty$  to get the conclusion.

□

**Remark.** This theorem shows that the existence of moments can infer the behavior of tail probability.

However, the converse is not necessarily true. Consider  $\mathbb{P}(X = n) = \frac{C}{n^2 \log n}$  ( $n = 2, 3, \dots$ ) with  $C$  appropriately picked such that it's a probability distribution ( $\sum_n \frac{1}{n^2 \log n} < \infty$ ). Note that  $\mathbb{E}|X| = \sum_n \frac{C}{n \log n} = \infty$  but

$$n \mathbb{P}(|X| > n) \sim Cn \int_n^\infty \frac{1}{x^2 \log x} dx \sim \frac{C}{\log n} \rightarrow 0 (n \rightarrow \infty) \quad (4)$$

To go from tail probability to the existence of  $\mathbb{E}|X|^k$ , **moment condition** is needed, i.e.

$$\exists \delta > 0, n^{k+\delta} \mathbb{P}(|X| > n) \rightarrow 0 (n \rightarrow \infty) \quad (5)$$

This moment condition will be proved below and the upper counterexample shows us that if  $\delta = 0$ , the logarithm factor may have dominant effect, and that's why the converse fails.

**Theorem 2.** If  $\exists \alpha > \beta > 0, n^\alpha \mathbb{P}(|X| > n) \rightarrow 0$  ( $n \rightarrow \infty$ ), then  $\mathbb{E}|X|^\beta < \infty$ .

*Proof.*

$$\mathbb{E}|X|^\beta = \beta \int_0^\infty y^{\beta-1} \mathbb{P}(|X| > y) dy \quad (6)$$

$$= \beta \int_0^N + \beta \int_N^\infty \quad (7)$$

with the first term to be finite. The second term is also finite since  $\beta - \alpha - 1 < -1$

$$\int_N^\infty y^{\beta-1} \mathbb{P}(|X| > y) dy = \int_N^\infty y^{\beta-\alpha-1} y^\alpha \mathbb{P}(|X| > y) dy \quad (8)$$

$$\leq \varepsilon \int_N^\infty y^{\beta-\alpha-1} dy < \infty \quad (9)$$

□

**Remark.** Note that there exists r.v. that does not have any positive powered moments. Consider

$$f(x) = \frac{1}{2|x| \log^2 |x|} \quad (|x| > e) \quad (10)$$

$$\mathbb{E}|X|^\alpha = \int_e^\infty \frac{|x|^{\alpha-1}}{\log^2 x} dx = \infty \quad (11)$$

This counterexample has  $\forall c > 1, \frac{\mathbb{P}(|X| > cx)}{\mathbb{P}(|X| > x)} \rightarrow 1 \quad (x \rightarrow \infty)$ , which is the reason of failure since the survival function is varying too slowly (a heavy tail). To verify,

$$\mathbb{P}(|X| > x) = \int_x^\infty \frac{1}{t \log^2 t} dt = \frac{1}{\log x} \quad (12)$$

$$\frac{\mathbb{P}(|X| > cx)}{\mathbb{P}(|X| > x)} = \frac{\log x}{\log x + \log c} \rightarrow 1 \quad (x \rightarrow \infty) \quad (13)$$

If positive function  $L$  on  $(0, +\infty)$  satisfies  $\frac{L(cx)}{L(x)} \rightarrow 1 \quad (x \rightarrow \infty)$ , then it's called **slowly varying**. If  $\mathbb{P}(|X| \geq x)$  is slowly varying, then  $\forall \alpha > 0, x^\alpha \mathbb{P}(|X| > x) \rightarrow \infty \quad (x \rightarrow \infty)$ , so  $\forall \alpha > 0, \mathbb{E}|X|^\alpha = \infty$ , giving a r.v. with no finite moments. Opposite to that, if the two-sided survival function decays quickly enough, then all moments exist.

**Theorem 3.** If  $\forall c > 1, \frac{\mathbb{P}(|X| > cx)}{\mathbb{P}(|X| > x)} \rightarrow 0 \quad (x \rightarrow \infty)$ , then all moments exist.

*Proof.*

$$\forall c > 1, \forall \varepsilon > 0, \exists x_0, \forall x > x_0, \frac{\mathbb{P}(|X| > cx)}{\mathbb{P}(|X| > x)} < \varepsilon \quad (14)$$

$$\forall \alpha > 0, \mathbb{E}|X|^\alpha = \alpha \int_0^\infty y^{\alpha-1} \mathbb{P}(|X| > y) dy = \alpha \int_0^{x_0} + \alpha \int_{x_0}^\infty \quad (15)$$

it's clear that the first term is finite, let's only prove that the second term w.r.t. the tail is also finite.

$$\int_{x_0}^{\infty} y^{\alpha-1} \mathbb{P}(|X| > y) dy = \int_{x_0}^{cx_0} + \int_{cx_0}^{c^2x_0} + \dots \quad (16)$$

$$\leq \int_{x_0}^{cx_0} y^{\alpha-1} \mathbb{P}(|X| > y) dy + \int_{cx_0}^{c^2x_0} y^{\alpha-1} \varepsilon \mathbb{P}\left(|X| > \frac{y}{c}\right) dy \quad (17)$$

$$+ \int_{c^2x_0}^{c^3x_0} y^{\alpha-1} \varepsilon^2 \mathbb{P}\left(|X| > \frac{y}{c^2}\right) dy + \dots \quad (18)$$

$$= \int_{x_0}^{cx_0} y^{\alpha-1} \mathbb{P}(|X| > y) dy + c\varepsilon \int_{x_0}^{cx_0} y^{\alpha-1} \mathbb{P}(|X| > u) du \quad (19)$$

$$+ c^2\varepsilon^2 \int_{x_0}^{cx_0} y^{\alpha-1} \mathbb{P}(|X| > u) du + \dots \quad (20)$$

$$= \frac{1}{1 - c\varepsilon} \int_{x_0}^{cx_0} y^{\alpha-1} \mathbb{P}(|X| > y) dy < \infty \quad (21)$$

for any fixed  $c > 1$  and  $\varepsilon$  small enough.

□

## Generating functions

**Probability generating function** is defined for non-negative discrete random variable with

$$p(s) = \mathbb{E}s^X = \sum_{k=0}^{\infty} p_k s^k \quad (22)$$

since  $\sum_k p_k = 1$ , this power series is absolute convergence for  $|s| \leq 1$ . By the property of power series, we can interchange differentiation and infinite sum to get:

$$p'(s) = \sum_{k=0}^{\infty} k p_k s^{k-1} \quad (23)$$

$$p''(s) = \sum_{k=0}^{\infty} k(k-1) p_k s^{k-2} \quad (24)$$

$$\mathbb{E}X = p'(1), \mathbb{E}X^2 = p'(1) + p''(1) \quad (25)$$

$$\text{Var}(X) = p'(1) + p''(1) - (p'(1))^2 \quad (26)$$

the information of moments if they exist.

**Moment generating function** is defined as

$$M(t) = \mathbb{E}e^{tX} \quad (27)$$

however, it may only exist in a certain interval but not on the whole  $\mathbb{R}$ . To calculate the moments,

$$M'(t) = \mathbb{E}X e^{tX} \quad (28)$$

$$M'(0) = \mathbb{E}X \quad (29)$$

$$M''(t) = \mathbb{E}X^2 e^{tX} \quad (30)$$

$$M''(0) = \mathbb{E}X^2 \quad (31)$$

Note that MGF and the distribution function has a 1-on-1 correspondence, which means that in order to prove two random variables have the same distribution, calculating the MGF and comparing suffice. (Laplacian transform)

One question is that can the moments of a distribution uniquely determine the distribution? The answer is NO generally. The classical counterexample is given by the lognormal distribution.

$$f(x) = \frac{1}{\sqrt{2\pi x}} e^{-\frac{\log^2 x}{2}} \quad (x > 0) \quad (32)$$

$$f_\varepsilon(x) = f(x)[1 + \varepsilon \sin(2\pi \log x)] \quad (x > 0, |\varepsilon| < 1) \quad (33)$$

It's easy to see that

$$\int_0^\infty f(x) \sin(2\pi \log x) dx = \frac{1}{\sqrt{2\pi}} \int_{\mathbb{R}} e^{-\frac{u^2}{2}} \sin(2\pi u) du = 0 \quad (34)$$

so  $f_\varepsilon$  really is a density. However, all its moments are the same as lognormal since

$$\int_0^\infty x^n f(x) \sin(2\pi \log x) dx = \frac{1}{\sqrt{2\pi}} \int_{\mathbb{R}} e^{nu - \frac{u^2}{2}} \sin(2\pi u) du \quad (y = u - n) \quad (35)$$

$$= \frac{1}{\sqrt{2\pi}} \int_{\mathbb{R}} e^{-\frac{1}{2}y^2 + \frac{n^2}{2}} \sin(2\pi y) dy \quad (y = u - n) = 0 \quad (36)$$

Consider **factorial moments**

$$m_{[k]} = \mathbb{E}X(X-1)\dots(X-k+1) \quad (37)$$

where  $m_{[1]} = \mathbb{E}X, m_{[2]} = \mathbb{E}X^2 - \mathbb{E}X, \dots$

If  $X \sim P(\lambda)$  (the factorial moments are consistent with the factorial in Poisson)

$$m_{[k]} = \sum_{j=0}^{\infty} \frac{\lambda^j}{j!} e^{-\lambda} j(j-1)\dots(j-k+1) \quad (38)$$

$$= \sum_{j=k}^{\infty} \frac{\lambda^j}{(j-k)!} e^{-\lambda} \quad (l = j - k) = \lambda^k \sum_{l=0}^{\infty} \frac{\lambda^l}{l!} e^{-\lambda} = \lambda^k \quad (39)$$

Note that there's a theorem for Poisson r.v. saying that if the factorial moments are known the same as Poisson

then the r.v. have to be a Poisson r.v.

Actually, **if the Maclaurin series of moment generating function is absolutely convergent, then moments can uniquely determine distribution.** Which is to say, if  $\exists C, \forall n, \mathbb{E}|X|^n \leq C^n$

$$\sum_{n=0}^{\infty} \frac{|\mathbb{E}X^n|}{n!} t^n \leq e^{Ct} < \infty \quad (40)$$

so if the moments are uniformly bounded by the exponential of a constant, then moments can uniquely determine the distribution.

## Cumulant Generating Function

Defined as

$$K_X(t) = \log M_X(t) = \log \mathbb{E}e^{tX} \quad (41)$$

take derivative to see

$$K'_X(t) = \frac{\mathbb{E}Xe^{tX}}{\mathbb{E}e^{tX}} \quad (42)$$

$$K'_X(0) = \mathbb{E}X \quad (43)$$

$$K''_X(t) = \frac{\mathbb{E}X^2e^{tX} \cdot \mathbb{E}e^{tX} - (\mathbb{E}Xe^{tX})^2}{(\mathbb{E}e^{tX})^2} \quad (44)$$

$$K''_X(0) = \text{Var}(X) \quad (45)$$

## Week 7

### Multinomial Distribution

Models the  $n$  times independent and identical repetition of an experiment that has  $k$  possible outcomes. For each time of experiment, has  $k$  possible outcomes following the probability  $p = (p_1, \dots, p_k)$  with  $p_1 + \dots + p_k = 1$ .

$X = (X_1, \dots, X_k)$  is a random vector with  $X_i$  denoting the number of outcomes that gives outcome  $i$  within the  $n$  total experiments. Then such  $X \sim \text{multi}(n, p)$  with probability mass

$$\mathbb{P}(X = x) = \binom{n}{x_1, \dots, x_k} p_1^{x_1} \dots p_k^{x_k}, \quad (x_1 + \dots + x_k = n) \quad (46)$$

can consider the MGF (use multinomial thm)

$$M_{X_1, \dots, X_{k-1}}(t_1, \dots, t_{k-1}) = \mathbb{E} e^{t_1 X_1 + \dots + t_{k-1} X_{k-1}} \quad (47)$$

$$= (p_1 e^{t_1} + \dots + p_{k-1} e^{t_{k-1}} + p_k)^n \quad (48)$$

set  $t_2 = 0, \dots, t_{k-1} = 0$  to get

$$M_{X_1}(t) = M_{X_1, \dots, X_{k-1}}(t, 0, \dots, 0) \quad (49)$$

$$= (p_1 e^t + p_2 + \dots + p_k)^n \quad (50)$$

this is telling us that the marginal of multinomial is still multinomial and  $X_1 \sim B(n, p_1)$  (since only two possible outcomes, becomes binomial). Similarly,

$$M_{X_1, X_2}(t_1, t_2) = M_{X_1, \dots, X_{k-1}}(t_1, t_2, 0, \dots, 0) \quad (51)$$

$$= (p_1 e^{t_1} + p_2 e^{t_2} + p_3 + \dots + p_k)^n \quad (52)$$

so  $(X_1, X_2) \sim \text{multi}(n, [p_1, p_2, 1 - p_1 - p_2])$  is a natural result.

To get the covariance between any two components in a multinomial distributed random vector, one can calculate  $\text{cov}(X_1, X_2)$  as follows

$$\text{Var}(X_1 + X_2) = n(p_1 + p_2)(1 - p_1 - p_2) \quad (53)$$

$$\text{Var}(X_1) = np_1(1 - p_1) \quad (54)$$

$$\text{Var}(X_2) = np_2(1 - p_2) \quad (55)$$

since  $X_1 + X_2 \sim B(n, p_1 + p_2)$  by MGF. Consider the decomposition of variance that

$$\text{Var}(X_1 + X_2) = \text{Var}(X_1) + \text{Var}(X_2) + 2\text{cov}(X_1, X_2) \quad (56)$$

$$\text{cov}(X_1, X_2) = \frac{1}{2}(n(p_1 + p_2)(1 - p_1 - p_2) - np_1(1 - p_1) - np_2(1 - p_2)) \quad (57)$$

$$= -np_1p_2 \quad (58)$$

note that  $\text{cov}(X_1, X_2) < 0$  is natural since if  $X_1$  increases, that will account for the space of  $X_2$  so  $X_2$  will decrease in general.

Another way to see the same result is to set  $A_{i,1}$  as the event that the  $i$ -th experiment gives outcome 1 and  $A_{i,2}$  as the event that the  $i$ -th experiment gives outcome 2, then

$$X_1 = \sum_{k=1}^n \mathbb{I}_{A_{k,1}} \quad (59)$$

$$X_2 = \sum_{k=1}^n \mathbb{I}_{A_{k,2}} \quad (60)$$

$$\text{cov}(X_1, X_2) = \sum_{i,j=1}^n \text{cov}(\mathbb{I}_{A_{i,1}}, \mathbb{I}_{A_{j,2}}) \quad (61)$$

$$= \sum_{i=1}^n \text{cov}(\mathbb{I}_{A_{i,1}}, \mathbb{I}_{A_{i,2}}) + 2 \sum_{i < j} \text{cov}(\mathbb{I}_{A_{i,1}}, \mathbb{I}_{A_{j,2}}) \quad (62)$$

$$= \sum_{i=1}^n -p_1p_2 \quad (63)$$

$$= -np_1p_2 \quad (64)$$

since  $A_{i,1}, A_{j,2}$  are independent for  $i \neq j$ .

## Multivariate Gaussian Distribution

For  $n$ -dimensional Gaussian random vector  $X$  with mean vector  $\mu \in \mathbb{R}^n$  and covariance matrix  $\Sigma \in \mathbb{R}^{n \times n}$ , the MGF is

$$M_X(t) = e^{\mu^T t + \frac{1}{2} t^T \Sigma t} \quad (t \in \mathbb{R}^n) \quad (65)$$

the transformations of multivariate Gaussian can be derived based on MGF. For example,

$$M_{X_1}(t) = M_X(t, 0, \dots, 0) = e^{\mu_1 t + \frac{1}{2} \sigma_1^2 t^2} \quad (66)$$



and the two dimensional marginal has

$$M_{X_1, X_2}(t_1, t_2) = M_X(t_1, t_2, 0, \dots, 0) = e^{\mu_1 t_1 + \mu_2 t_2 + \frac{1}{2} t^{(2)T} \Sigma^{(2)} t^{(2)}} \quad (67)$$

where the column vector  $t^{(2)} = [t_1, t_2]$  and  $\Sigma^{(2)} = \begin{bmatrix} \sigma_1^2 & \text{cov}(X_1, X_2) \\ \text{cov}(X_1, X_2) & \sigma_2^2 \end{bmatrix}$ . This is showing that the marginal of multi-dimensional Gaussian is still Gaussian.

Similarly, any linear transformation of multi-dim Gaussian random vector is still multi-dim Gaussian, for example, for  $A \in \mathbb{R}^{n \times n}, b \in \mathbb{R}^n$ , let's consider  $AX + b$ :

$$M_{AX+b}(t) = \mathbb{E} e^{t^T AX + t^T b} \quad (68)$$

$$= e^{t^T b} \cdot M_X(A^T t) \quad (69)$$

$$= e^{t^T b} \cdot e^{\mu^T A^T t + \frac{1}{2} t^T A \Sigma A^T t} \quad (70)$$

$$= e^{(A\mu+b)^T t + \frac{1}{2} t^T A \Sigma A^T t} \quad (71)$$

so  $AX + b \sim N(A\mu + b, A\Sigma A^T)$ .

## Transformation of Random Variables

When there are random vectors  $X, Y \in \mathbb{R}^n$  and  $Y = f(X), f: \mathbb{R}^n \rightarrow \mathbb{R}^n$ , and we know the density of  $X$ , to get the density of  $Y$ , just need to realize that density is actually a Radon-Nikodym derivative and thus

$$f_Y(y_1, \dots, y_n) dy_1 \dots dy_n \sim f_X(x_1, \dots, x_n) dx_1 \dots dx_n \quad (72)$$

so the approach is saying that

$$f_Y(y_1, \dots, y_n) = f_X(x_1(y), \dots, x_n(y)) \cdot \left| \frac{\partial(x_1, \dots, x_n)}{\partial(y_1, \dots, y_n)} \right| \quad (73)$$

this works when the determinant of the Jacobian is not zero, showing us that the transformation of random variable is actually just a change of variables in the density.

## Order Statistics

$(X_{(1)}, \dots, X_{(n)})$  is the order statistics of  $(X_1, \dots, X_n)$ , where  $X_{(i)}$  is the  $i$ -th smallest value among  $X_1, \dots, X_n$  *i.i.d.* random variables.

In discrete case, directly apply the definition of order statistic to compute its distribution. If each  $X_i$  has probability mass  $p_k = \mathbb{P}(X_i = k)$ , then

$$\mathbb{P}(X_{(r)} \leq x) = \sum_{i=0}^{n-r} \binom{n}{i} [\mathbb{P}(X_1 > x)]^i [\mathbb{P}(X_1 \leq x)]^{n-i} = \sum_{i=r}^n \binom{n}{i} [\mathbb{P}(X_1 \leq x)]^i [\mathbb{P}(X_1 > x)]^{n-i} \quad (74)$$

so

$$\mathbb{P}(X_{(r)} = x) = \mathbb{P}(X_{(r)} \leq x) - \mathbb{P}(X_{(r)} < x) \quad (75)$$

For continuous r.v. with density, the joint density of order statistics is

$$f(x_{(1)}, \dots, x_{(n)}) = n! \cdot f(x_{(1)}) \dots f(x_{(n)}) \quad (x_{(1)} < \dots < x_{(n)}) \quad (76)$$

as a result, the marginal distribution of  $X_{(r)}$  can be figured out using integration

$$f_{X_{(r)}}(x_r) = n! f(x_r) \cdot \int_{x_1 < \dots < x_{r-1} < x_r < x_{r+1} < \dots < x_n} f(x_1) \dots f(x_{r-1}) f(x_{r+1}) \dots f(x_n) dx_1 \dots dx_{r-1} dx_{r+1} \dots dx_n \quad (77)$$

$$= n! f(x_r) \cdot \frac{[1 - F(x_r)]^{n-r}}{(n-r)!} \frac{[F(x_r)]^{r-1}}{(r-1)!} \quad (78)$$

where the calculations are followed by the fact that

$$\int_{x_1 < \dots < x_r} f(x_1) \dots f(x_{r-1}) dx_1 \dots dx_{r-1} = \int_{-\infty}^{x_r} f(x_1) dx_1 \int_{x_1}^{x_r} f(x_2) dx_2 \dots \int_{x_{r-2}}^{x_r} f(x_{r-1}) dx_{r-1} \quad (79)$$

$$= \int_{-\infty}^{x_r} f(x_1) dx_1 \int_{x_1}^{x_r} f(x_2) dx_2 \dots \int_{x_{r-3}}^{x_r} f(x_{r-2}) [F(x_r) - F(x_{r-2})] dx_{r-2} \quad (80)$$

$$= \dots \quad (81)$$

$$= \frac{[F(x_r)]^{r-1}}{(r-1)!} \quad (82)$$

**Remark.** A good way to understand the marginal density of order statistics is to use the **binomial** distribution and the likelihood interpretation.

$f_{X_{(r)}}(x_r)$  is the likelihood of  $X_{(r)}$  taking value  $x_r$ , this means that there should be  $r-1$  values less than  $x_r$  and  $n-r$  values larger than  $x_r$ . View "less than  $x_r$ " and "larger than  $x_r$ " as two different bins, then we are actually throwing each i.i.d. observation into one of the two bins. So the likelihood should be

$$n f(x_r) \cdot \binom{n-1}{r-1} [F(x_r)]^{r-1} [1 - F(x_r)]^{n-r} \quad (83)$$

the explanation is that we **select 1 r.v. from the  $n$  r.v. to be  $X_{(r)}$  taking value  $x_r$  with likelihood  $f(x_r)$ , from the remaining  $n-1$  r.v. select  $r-1$  to be less than  $x_r$ , each with likelihood  $F(x_r)$ ; the remaining  $n-r$  r.v. to be larger than  $x_r$ , each with likelihood  $1 - F(x_r)$ .**

Use the same reasoning, it will be easy to write out the joint density of  $(X_{(j)}, X_{(k)})$  ( $j < k$ ) using the multinomial

interpretation. The likelihood that  $X_{(j)} = x_j, X_{(k)} = x_k$  is equal to

$$n(n-1)f(x_j)f(x_k) \cdot \binom{n-2}{j-1, k-j-1} [F(x_j)]^{j-1} [F(x_k) - F(x_j)]^{k-j-1} [1 - F(x_k)]^{n-k} \quad (84)$$

with support  $x_j < x_k$ . First select 2 out of  $n$  to be  $X_{(j)}, X_{(k)}$  (it's a permutation since order matters) taking  $x_j, x_k$  respectively, from the remaining  $n-2$  r.v., split it into 3 bins "less than  $x_j$ ", "between  $x_j$  and  $x_k$ ", and "larger than  $x_k$ ". After multiplying the multinomial coefficient to put  $j-1$  in the first bin,  $k-j-1$  in the second bin, the likelihood of being in the first bin is  $F(x_j)$ , the likelihood of being in the second bin is  $F(x_k) - F(x_j)$  and the likelihood of being in the third bin is  $1 - F(x_k)$ .

## Tolerance Limits

Consider  $\mathbb{P}(X_{(1)} < X < X_{(n)})$ , the probability of having the observation between the maximum and the minimum of the *i.i.d.* samples of size  $n$ . One might notice that

$$\mathbb{P}(X_{(1)} < X < X_{(n)}) = \mathbb{P}(X < X_{(n)}) - \mathbb{P}(X < X_{(1)}) = F(X_{(n)}) - F(X_{(1)}) = U_{(n)} - U_{(1)} \quad (85)$$

where  $U_{(i)}$  is the order statistics of the *i.i.d.*  $U(0, 1)$  r.v. since  $F(X) \sim U(0, 1)$ .

Note that the joint density of  $(U_{(1)}, U_{(n)})$  is

$$g(u_1, u_n) = n(n-1)f(u_n)f(u_1) \cdot [F(u_n) - F(u_1)]^{n-2} \quad (86)$$

$$= n(n-1) \cdot (u_n - u_1)^{n-2} \quad (0 < u_1 < u_n < 1) \quad (87)$$

consider the transformation

$$\begin{cases} R = U_{(n)} - U_{(1)} \\ S = U_{(1)} \end{cases} \quad (88)$$

and apply the Jacobian to find

$$\left| \frac{\partial(u_1, u_n)}{\partial(r, s)} \right| = 1 \quad (89)$$

$$f_{(R,S)}(r, s) = g(s, s+r) \cdot \left| \frac{\partial(u_1, u_n)}{\partial(r, s)} \right| \quad (90)$$

$$= n(n-1)r^{n-2} \quad (0 < s < 1, 0 < r < 1-s) \quad (91)$$

so the marginal is

$$f_R(r) = \int_0^{1-r} n(n-1)r^{n-2} ds = n(n-1)r^{n-2}(1-r) \quad r \in (0,1) \quad (92)$$

$$f_S(s) = \int_0^{1-s} n(n-1)r^{n-2} dr = n(1-s)^{n-1} \quad s \in (0,1) \quad (93)$$

so  $R \sim \text{Beta}(n-1, 2)$  is the difference of the maximum and the minimum. We can find sample size  $n$  such that  $\mathbb{P}(R \geq 1 - \beta) = 1 - \alpha$  to ensure that under confidence level  $1 - \alpha$  the difference is large enough to cover a large percentage of the distribution.

## Week 10

### Sampling Distribution

For  $X_1, \dots, X_n \sim N(\mu, \sigma^2)$  i.i.d., define

$$\bar{X} = \frac{\sum_{i=1}^n X_i}{n} \quad (94)$$

$$S^2 = \frac{\sum_{i=1}^n (X_i - \bar{X})^2}{n-1} \quad (95)$$

as sample mean and sample variance, then obvious that  $\bar{X} \sim N(\mu, \frac{\sigma^2}{n})$ , for the distribution of  $S^2$  and the relationship between sample mean and variance, we have

**Theorem 4.**

$$\frac{(n-1)S^2}{\sigma^2} \sim \chi_{n-1}^2 \quad (96)$$

and  $\bar{X}$  and  $S^2$  are independent.

*Proof.* Take  $Z \sim N(0, I_n)$  as standard Gaussian random vector of length  $n$ . Then the joint density is

$$f_Z(z) = (2\pi)^{-\frac{n}{2}} e^{-\frac{1}{2}z^T z} \quad (97)$$

and the MGF is

$$M_Z(t) = e^{-\frac{1}{2}t^T t} \quad (98)$$

consider applying orthogonal matrix  $A_{n \times n}$  as an action on  $Z$ , then it's obvious that

$$M_{AZ}(t) = \mathbb{E} e^{t^T AZ} = M_Z(A^T t) = e^{-\frac{1}{2}t^T A A^T t} = e^{-\frac{1}{2}t^T t} \quad (99)$$

so  $AZ \sim N(0, I_n)$  is still standard Gaussian random vector.

Now we assume WLOG that  $X \sim N(0, I_n)$  and we specify an  $A$  that we want, we pick  $A$  with the first row as  $\left[\frac{1}{\sqrt{n}}, \dots, \frac{1}{\sqrt{n}}\right]$  and all other entries are arbitrarily picked, such matrix always exists. Notice that the first component of  $Y = AX$  is just  $Y_1 = \sqrt{n} \cdot \bar{X}$  and

$$n\bar{X}^2 + Y_2^2 + \dots + Y_n^2 = \sum_{i=1}^n X_i^2 \quad (100)$$

since orthogonal transformation preserves the length of the vector. It's obvious that according to the variance

decomposition,

$$\frac{\sum_{i=2}^n Y_i^2}{n} = \frac{\sum_{i=1}^n X_i^2}{n} - \bar{X}^2 = \frac{n-1}{n} S^2 \quad (101)$$

it's easy to see that

$$(n-1)S^2 = \sum_{i=2}^n Y_i^2 \sim \chi_{n-1}^2 \quad (102)$$

since  $Y_1, \dots, Y_n$  *i.i.d.* and it's obvious that  $\bar{X}$  is independent of  $S^2$ .

For general  $X \sim N(\mu\vec{1}, \sigma^2 I_n)$ , just consider  $\frac{X-\mu\vec{1}}{\sigma} \sim N(0, I_n)$  and the proof is immediate.  $\square$

When  $X \sim N(0, 1)$  and  $Y \sim \chi_k^2$  are independent,  $T = \frac{X}{\sqrt{\frac{Y}{k}}}$  is defined to have **t-distribution** with degree of freedom  $k$ . To calculate the density of t-distribution, consider the transformation

$$(X, Y) \rightarrow (T, U) \quad (103)$$

with  $U = Y$  to apply the Jacobian and then get the marginal distribution of  $T$ . (add  $U$  to make life easier)

Now that

$$f_{T,U}(t, u) = f_{X,Y}(x(t, u), y(t, u)) \cdot \left| \frac{\partial(x, y)}{\partial(t, u)} \right| \quad (104)$$

with

$$\begin{cases} x = t\sqrt{\frac{u}{k}} \\ y = u \end{cases} \quad (105)$$

so

$$\left| \frac{\partial(x, y)}{\partial(t, u)} \right| = \left| \det \begin{bmatrix} \sqrt{\frac{u}{k}} & t\frac{1}{2\sqrt{ku}} \\ 0 & 1 \end{bmatrix} \right| = \sqrt{\frac{u}{k}} \quad (106)$$

and plug in to get

$$f_{T,U}(t, u) = \frac{1}{\sqrt{2\pi}} e^{-\frac{t^2 u}{2k}} \cdot \frac{\left(\frac{1}{2}\right)^{\frac{k}{2}}}{\Gamma(\frac{k}{2})} u^{\frac{k}{2}-1} e^{-\frac{u}{2}} \cdot \sqrt{\frac{u}{k}} \quad (107)$$

$$\propto e^{-(\frac{1}{2} + \frac{t^2}{2k})u} u^{\frac{k-1}{2}} \quad (u > 0, t \in \mathbb{R}) \quad (108)$$

to integrate  $u$ , we get the marginal of  $T$  that

$$f_T(t) \propto \int_0^\infty e^{-(\frac{1}{2} + \frac{t^2}{2k})u} u^{\frac{k-1}{2}} du \quad (109)$$

$$= \frac{\Gamma(\frac{k+1}{2})}{(\frac{1}{2} + \frac{t^2}{2k})^{\frac{k+1}{2}}} \quad (110)$$

$$\propto \left(1 + \frac{t^2}{k}\right)^{-\frac{k+1}{2}} \quad (t \in \mathbb{R}) \quad (111)$$

**Remark.** In particular, **when**  $k = 1$ ,

$$f_T(t) \propto \frac{1}{1+t^2} \quad (112)$$

$$f_T(t) = \frac{1}{\pi} \frac{1}{1+t^2} \quad (113)$$

a **Cauchy distribution** with heavy tail! One may see from the definition that this is telling us that for  $Z_1, Z_2 \sim N(0, 1)$  independent,

$$\frac{Z_1}{Z_2} \sim \text{Cauchy} \quad (114)$$

**When**  $k \rightarrow \infty$ , notice that

$$f_T(t) \propto e^{-\frac{1}{2}t^2} \quad (115)$$

so this is just **standard Gaussian**!

When  $X \sim \chi_m^2, Y \sim \chi_n^2$  are independent, define  $F = \frac{\frac{X}{m}}{\frac{Y}{n}}$  to follow the **F-distribution** with degree of freedom  $m, n$ . Consider the transformation

$$(X, Y) \rightarrow (F, U) \quad (116)$$

with  $U = Y$  to apply the Jacobian and then get the marginal distribution of  $F$ . (add  $U$  to make life easier)

Now that

$$f_{F,U}(f, u) = f_{X,Y}(x(f, u), y(f, u)) \cdot \left| \frac{\partial(x, y)}{\partial(f, u)} \right| \quad (117)$$

with

$$\begin{cases} x = \frac{mu}{n} \\ y = u \end{cases} \quad (118)$$

so

$$\left| \frac{\partial(x, y)}{\partial(f, u)} \right| = \left| \det \begin{bmatrix} \frac{mu}{n} & \frac{mf}{n} \\ 0 & 1 \end{bmatrix} \right| = \frac{mu}{n} \quad (119)$$

and plug in to get

$$f_{F,U}(f, u) = \frac{\left(\frac{1}{2}\right)^{\frac{m}{2}}}{\Gamma\left(\frac{m}{2}\right)} \left(\frac{muf}{n}\right)^{\frac{m}{2}-1} e^{-\left(\frac{muf}{2n}\right)} \cdot \frac{\left(\frac{1}{2}\right)^{\frac{n}{2}}}{\Gamma\left(\frac{n}{2}\right)} u^{\frac{n}{2}-1} e^{-\frac{u}{2}} \cdot \frac{mu}{n} \quad (120)$$

$$\propto u^{\frac{m+n}{2}-1} f^{\frac{m}{2}-1} e^{-\frac{u}{2} - \frac{muf}{2n}} \quad (f > 0, u > 0) \quad (121)$$

to integrate  $u$ , we get the marginal of  $F$  that

$$f_F(f) \propto \int_0^\infty u^{\frac{m+n}{2}-1} f^{\frac{m}{2}-1} e^{-\frac{u}{2} - \frac{muf}{2n}} du \quad (122)$$

$$\propto f^{\frac{m}{2}-1} \left(1 + \frac{m}{n}f\right)^{-\frac{m+n}{2}} \quad (f > 0) \quad (123)$$

**Remark.** Notice that if  $T \sim t(n)$ , then it's actually a quotient  $T \stackrel{d}{=} \frac{X}{\sqrt{\frac{Y}{n}}}$  where  $X \sim N(0, 1)$ ,  $Y \sim \chi_n^2$  are independent.

As a result,  $T^2 \stackrel{d}{=} \frac{X^2}{\frac{Y}{n}} \sim F(1, n)$ . So **the square of  $t$ -distribution with d.f.  $n$  is the  $F$ -distribution with d.f.  $1, n$ .**

Notice the **symmetry** of  $F$ -distribution that for  $F \sim F(m, n)$ ,  $\frac{1}{F} \sim F(n, m)$ . This is easy to see from the definition. In particular, when  $F \sim F(n, n)$ ,  $F \stackrel{d}{=} \frac{1}{F}$ . One can use this property to figure out the left tail probability of  $F$ -distribution using only the right tail probability of  $F$ -distribution (percentiles) by interchanging two d.f.

If  $F \sim F(m, n)$ , then  $\beta = \frac{1}{1 + \frac{m}{n}F} \sim \text{Beta}\left(\frac{n}{2}, \frac{m}{2}\right)$ . To see this fact,

$$f_\beta(b) \propto \left(\frac{1}{b} - 1\right)^{\frac{m}{2}-1} b^{\frac{m+n}{2}} b^{-2} = (1-b)^{\frac{m}{2}-1} b^{\frac{n}{2}-1} \quad (124)$$

## Application of Sampling Distribution

Now let's assume that the population follows Gaussian  $N(\mu, \sigma^2)$  and we can observe *i.i.d.* sample values  $X_1, X_2, \dots, X_n$ . It's easy to see that  $\frac{\bar{X} - \mu}{\frac{\sigma}{\sqrt{n}}} \sim N(0, 1)$  **the (population) normalized sample mean follows standard Gaussian**. However, this requires us to know  $\sigma$  is we want to build the confidence interval of  $\mu$ , which is always infeasible.

By replacing the population variance with the sample variance, one would see that

$$\frac{\bar{X} - \mu}{\frac{S}{\sqrt{n}}} = \frac{\frac{\bar{X} - \mu}{\frac{\sigma}{\sqrt{n}}}}{\sqrt{\frac{(n-1)S^2}{\frac{\sigma^2}{n-1}}}} \quad (125)$$



and notice that

$$\frac{(n-1)S^2}{\sigma^2} \sim \chi_{n-1}^2 \quad (126)$$

$S$  is independent of  $\bar{X}$ , one immediately conclude that  $\frac{\bar{X}-\mu}{\frac{S}{\sqrt{n}}} \sim t(n-1)$ . So **the (sample) normalized sample mean follows t-distribution with d.f.  $n-1$ .**

Consider two independent populations  $X_1, \dots, X_m \sim N(\mu_x, \sigma_x^2)$ ,  $Y_1, \dots, Y_n \sim N(\mu_y, \sigma_y^2)$  with sample means  $\bar{X}, \bar{Y}$  and sample variances  $S_x^2, S_y^2$  for each population. One can find that  $\bar{X}, S_x^2, \bar{Y}, S_y^2$  are independent. That's why we consider

$$\frac{\frac{S_x^2}{\sigma_x^2}}{\frac{S_y^2}{\sigma_y^2}} = \frac{\frac{(m-1)\frac{S_x^2}{\sigma_x^2}}{m-1}}{\frac{(n-1)\frac{S_y^2}{\sigma_y^2}}{n-1}} \sim F(m-1, n-1) \quad (127)$$

to find that **the quotient of sample variance over the quotient of population variance follows F-distribution with d.f.  $m-1, n-1$ .**

Another observation follows that

$$\bar{X} - \bar{Y} \sim N\left(\mu_x - \mu_y, \frac{\sigma_x^2}{m} + \frac{\sigma_y^2}{n}\right) \quad (128)$$

$$(m-1)\frac{S_x^2}{\sigma_x^2} + (n-1)\frac{S_y^2}{\sigma_y^2} \sim \chi_{m+n-2}^2 \quad (129)$$

by independency, and the two parts are still independent. As a result,

$$\frac{\frac{(\bar{X}-\bar{Y})-(\mu_x-\mu_y)}{\sqrt{\frac{\sigma_x^2}{m} + \frac{\sigma_y^2}{n}}}}{\sqrt{\frac{(m-1)\frac{S_x^2}{\sigma_x^2} + (n-1)\frac{S_y^2}{\sigma_y^2}}{m+n-2}}} \sim t(m+n-2) \quad (130)$$

which is **the t-test on the difference of population mean for two independent populations**. However, in this formula one still has to know about the true population variance  $\sigma_x, \sigma_y$  so it's not that useful. If one plugs in  $\sigma_x^2 = \sigma_y^2 = C^2$  (**assume equal population variance**), one would find that

$$\frac{(\bar{X} - \bar{Y}) - (\mu_x - \mu_y)}{S_p \sqrt{\frac{1}{m} + \frac{1}{n}}} \sim t(m+n-2) \quad (131)$$

$$S_p^2 = \frac{\sum_{i=1}^m (X_i - \bar{X})^2 + \sum_{j=1}^n (Y_j - \bar{Y})^2}{m+n-2} \quad (132)$$

where  $S_p$  is called **the pooled variance**. This test does not require us to know about population variance but requires one to test whether the variance of two populations are the same. However, we have already stated the

equal variance test conducted by taking the quotient and applying F-test above.