

Scalar on Function Regression

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Presentation Day

Introduction

Jona

Introductory Example \rightarrow Octane/NIR-spectrum

Theory

Jona

Motivation from multivariate regression (multivariate dgp).

Theory

Jonghun

- Random Functions (name square integrable functions)
- Motivate continuous stochastic processes (growth curves/electricity consumption/yield curves/stonks)
- Use curves to predict a scalar response (show typical dgp)

Theory

Jonghun

- Basis expansions (b-splines and fourier)
- Talk about purposes
- Plots and show bias variance tradeoff

Theory

Jakob

- Random function represented as linear combination of basis functions ✓
- Just transform to multiple linear regression setting ✓
- You already know that from the beginning ✓

Estimation via Basis Representation

Assume the following data generating process

$$Y(\omega) = \alpha + \int_0^1 \beta(s) F(\omega)(s) ds + \epsilon(\omega)$$

- Y and ϵ realize in \mathbb{R} and F realizes in $\mathbb{L}^2[0, 1]$

Assume that we have a data set containing observations each of which is made up of:

- y_i : a scalar realization of Y
- $f_i(t)$: a realization of F

Estimation via Basis Representation

Let $\{b_i(t) \mid i = 1, \dots, \infty\}$ be a basis of $\mathbb{L}^2[0, 1]$

Then we have the following representation of $\beta(t)$

$$\beta(t) = \sum_{j=1}^{\infty} \psi_j b_j(t) = \sum_{j=1}^L \psi_j b_j(t) + \delta(t) \approx \sum_{j=1}^L \psi_j b_j(t)$$

and we can transform the data generating process into:

$$\begin{aligned} Y(\omega) &= \alpha + \int_0^1 \left[\left(\sum_{j=1}^{\infty} \psi_j b_j(s) \right) F(\omega)(s) \right] ds + \epsilon(\omega) \\ &= \alpha + \sum_{j=1}^{\infty} \left[\psi_j \int_0^1 F(\omega)(s) b_j(s) ds \right] + \epsilon(\omega) \end{aligned}$$

Estimation via Basis Representation

$$Z_j(\omega) = \int_0^1 F(\omega)(s)b_j(s)ds$$

This is a scalar random variable leading to the following transformation

$$Y(\omega) = \alpha + \sum_{j=1}^{\infty} \psi_j Z_j(\omega) + \epsilon(\omega)$$

Each combination of observation $f_i(t)$ and deterministic basis function $b_j(t)$ effectively gives us a realization of this random variable.

$$Z_{i,j} = \int_0^1 f_i(s)b_j(s)ds$$

Estimation via Basis Representation

This allows us to write each observation in the data set as

- y_i : a scalar realization of Y
- $(Z_{i,j})_{j \in \mathbb{N}}$: a countably infinite sequence of scalars

Truncating the functional basis allows us to approximate the data set in the usual multivariate form.

- y_i : a scalar realization of Y
- $(Z_{i,1} \dots Z_{i,L})'$: a vector of scalar regressors

Coefficients can then be estimated using theory from multivariate regression leading to an estimated coefficient vector $\hat{\beta}_L \in \mathbb{R}^L$.

Estimation via Basis Representation

This can then be translated into an estimated coefficient function $\hat{\beta}(t)$ via:

Theory - FPCA

Jakob

- Let's assume you know the theory of PCA (pc from varcov matrix) ✓
- Introduce mean and covariance functions of random functions ✓
- There is another cool basis \rightarrow Eigenbasis (Karhunen-Loeve Expansion) ✓
- Sample Analog! (create a basis from observations and use for basis regression) ✓
- Plot fpcs and approximation of function realization

Spectral Representation of Random Vectors

Let $X(\omega)$ be a random vector realizing in \mathbb{R}^p .

- Let $\mu_X = \mathbb{E}(X)$ and $\Sigma_X = \text{Cov}(X)$
- Let $\{\gamma_i \mid i = 1, \dots, p\}$ be the orthonormal **Eigenvectors** of Σ_X
- Let $\{\lambda_i \mid i = 1, \dots, p\}$ be the corresponding **Eigenvalues** of Σ_X

Then X can also be represented as

$$X(\omega) = \mu_X + \sum_{i=1}^p \xi_i(\omega) \gamma_i$$

where the $\xi_i(\omega)$ have the following properties

- | | |
|---|--|
| 1 $\mathbb{E}[\xi_i(\omega)] = 0$ | 3 $\text{Cov}(\xi_i(\omega), \xi_j(\omega)) = 0$ for |
| 2 $\text{Var}(\xi_i(\omega)) = \lambda_i$ | $i \neq j$ |

Karhunen-Loève Expansion

Mean Function:

$$\mu(t) = \mathbb{E} [F(\omega)(t)]$$

Autocovariance Function:

$$c(t, s) = \mathbb{E} [(F(\omega)(t) - \mu(t)) (F(\omega)(s) - \mu(s))]$$

The **Eigenvalues** and **Eigenfunctions**: $\{(\lambda_i, \nu_i) \mid i \in \mathcal{I}\}$ are solutions of the following equation:

$$\int_0^1 c(t, s) \nu(s) ds = \lambda \nu(t)$$

Karhunen-Loève Expansion

A random function F can be expressed in terms of its mean function and its Eigenfunctions:

$$F(\omega)(t) = \mu(t) + \sum_{j=1}^{\infty} \xi_j(\omega) \nu_j(t)$$

Where the ξ_j are scalar-valued random variables with the following properties.

1 $\mathbb{E}[\xi_i(\omega)] = 0$

2 $\text{Var}(\xi_i(\omega)) = \lambda_i$

3 $\text{Cov}(\xi_i(\omega), \xi_j(\omega)) = 0$ for $i \neq j$

This representation is called the **Karhunen-Loève Expansion** of the random function F and the Eigenfunctions can serve as a basis to represent the function.

Principal Component Analysis

A related concept is **Principal Component Analysis** (PCA).

Σ_X unknown \rightarrow **sample analogues**

- Let $\mathbf{X} \in \mathbb{R}^{n \times p}$ contain the standardized regressors
- Let $\hat{\Sigma}_X = \frac{\mathbf{X}'\mathbf{X}}{n}$
- Let $\{\hat{\gamma}_i \mid i = 1, \dots, p\}$ be the orthonormal **Eigenvectors** of $\hat{\Sigma}_X$
- Let $\{\hat{\lambda}_i \mid i = 1, \dots, p\}$ be the corresponding **Eigenvalues** of $\hat{\Sigma}_X$

Then $Z_i(\omega) = \hat{\gamma}_i' X(\omega)$ is called the i 'th principal component and

- | | |
|---|--|
| 1 $\mathbb{E}[Z_i(\omega)] = 0$ | 3 $\text{Cov}(Z_i(\omega), Z_j(\omega)) = 0$ for |
| 2 $\text{Var}(Z_i(\omega)) = \hat{\lambda}_i$ | $i \neq j$ |

Functional Principal Component Analysis

This idea can be extended to functional regressors in the form of **Functional Principal Component Analysis (FPCA)**.

Empirical Mean Function:

$$\hat{\mu}(t) = \frac{1}{n} \sum_{j=1}^n f_j(t)$$

Empirical Autocovariance Function:

$$\hat{c}(t, s) = \frac{1}{n} \sum_{j=1}^n (f_j(t) - \hat{\mu}(t)) (f_j(s) - \hat{\mu}(s))$$

Functional Principal Component Analysis

The **Eigenvalues** and **Eigenfunctions**: $\{(\hat{\lambda}_i, \hat{\nu}_i) \mid i \in \mathcal{I}\}$ are solutions of the following equation:

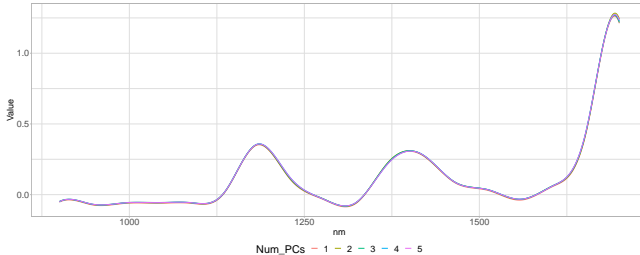
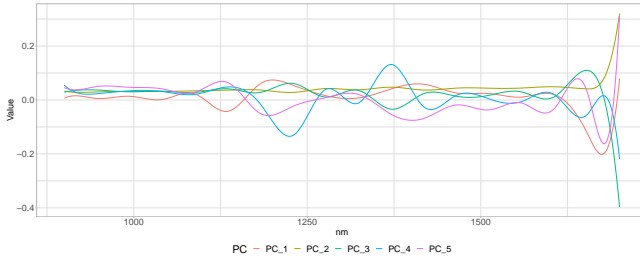
$$\int_0^1 \hat{c}(t, s) \hat{\nu}(s) ds = \hat{\lambda} \hat{\nu}(t)$$

The $\{\hat{\nu}_i(s) \mid i \in \mathcal{I}\}$ are called **Functional Principal Components** and can serve as a basis for representing the original curves.

The corresponding scores $\hat{\xi}_i$ can be derived as

$$\hat{\xi}_j(\omega) = \int_0^1 (F(\omega)(s) - \hat{\mu}(s)) \hat{\nu}_j(s) ds$$

FPCA - Plots



Lorem Ipsum
Dolor Sit
Amet

Simulation Setup & Application

Jona

- Compare b-spline / fourier regression chosen via criterion (cv/aic/...)
- Similar for fpca
- generate new curves from observed curves motivated by Karhunen-Loeve expansion
- Compare optimal variants with test and training sets
- Connect to Application

Summary

Jona

Just summarize what we have done...

further reading

Put footnotes here!