Bayesian Statistics and Modeling Part II

Time series modeling with `pymc`

Based on this example

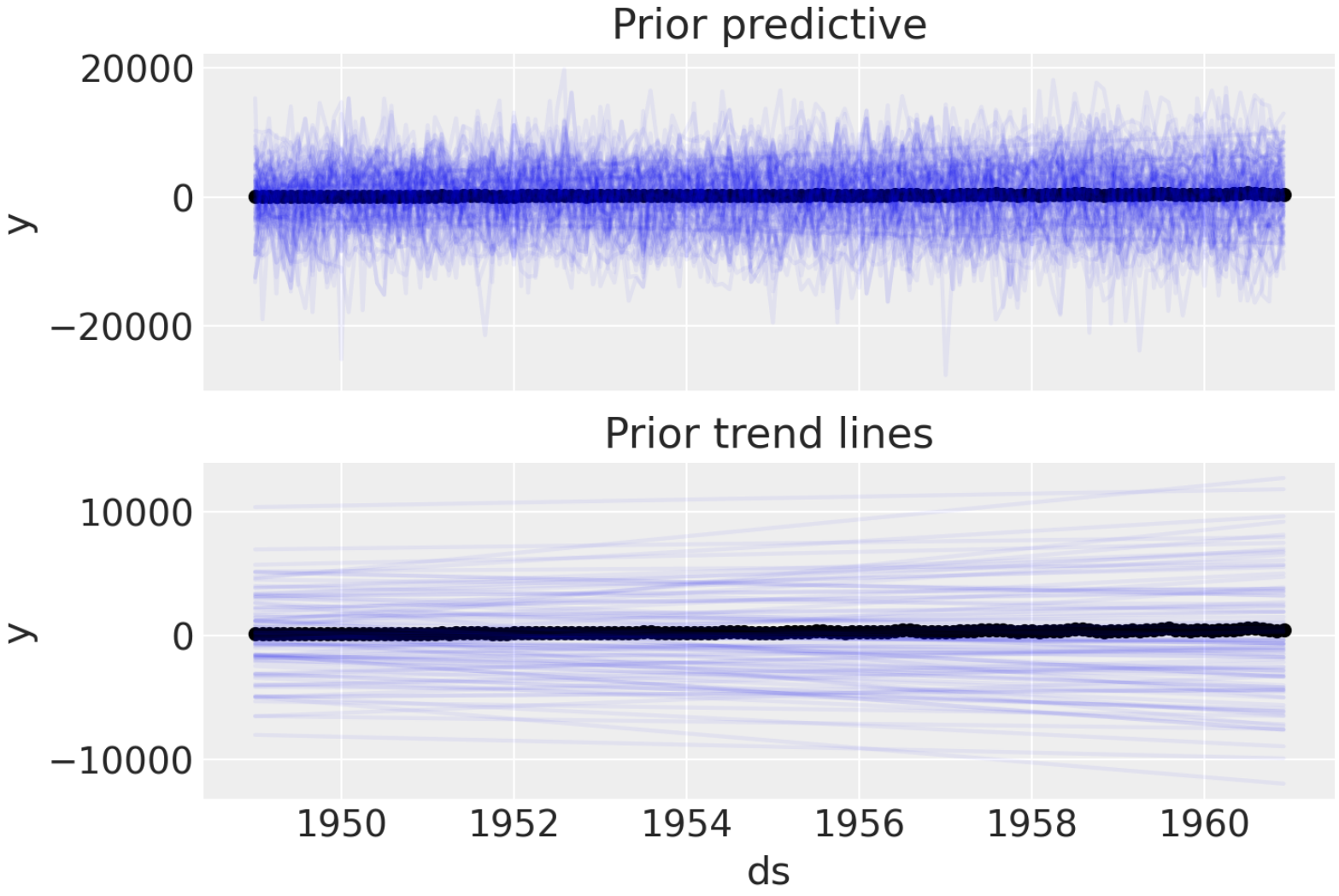
Modeling airline trends

$$Passengers \sim \alpha + \beta \cdot t$$

Just a simple linear trend for now. α is an intercept term, and β is our slope term

Let's go to the code here to start building our model

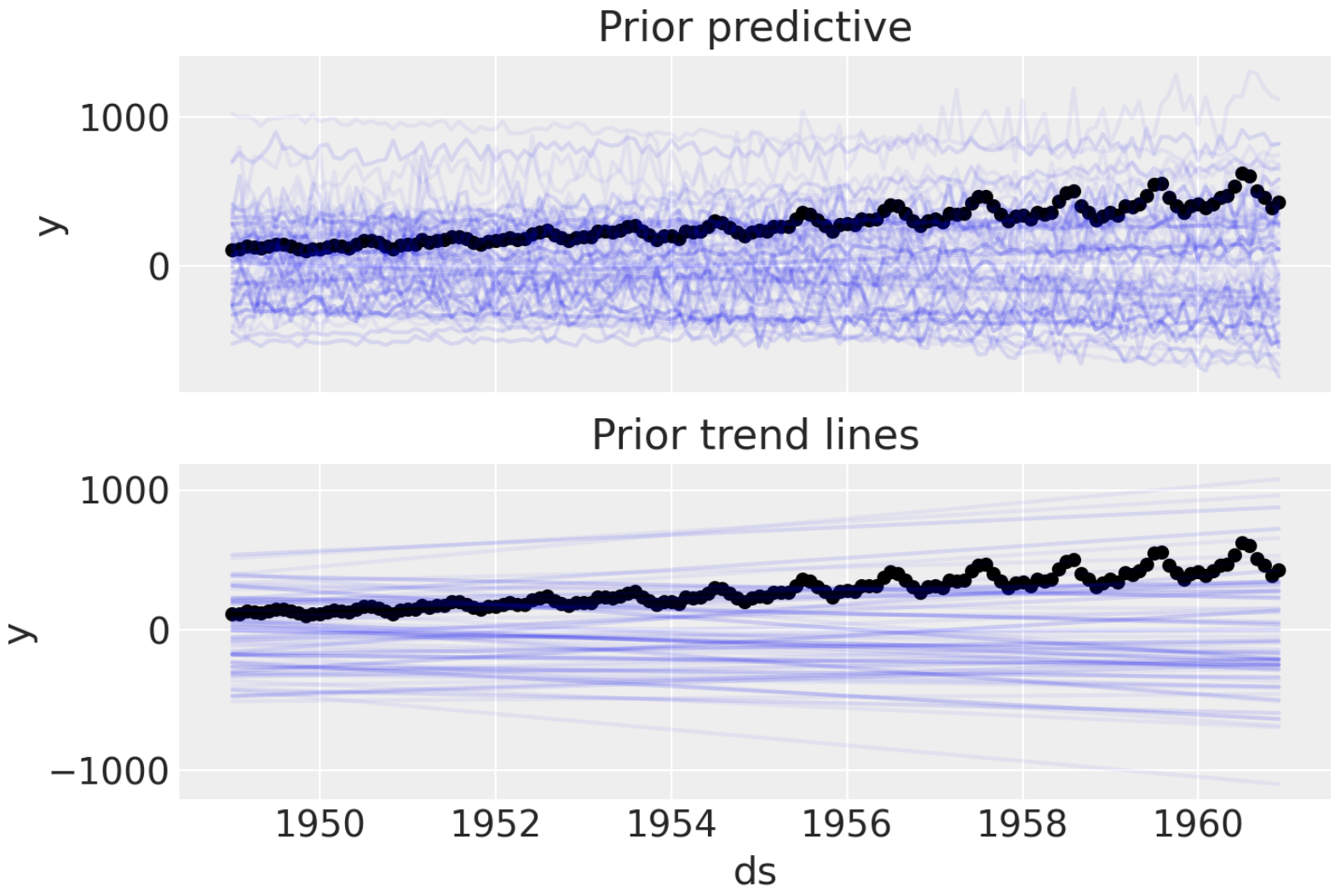
Prior predictions (WHAT??)



Prior predictions (WHAT??)

- Look at a large array of possible "reasonable" outcomes given our assumptions about the data
- Gives us an idea of whether our priors make sense
- In this case, we want to make some corrections

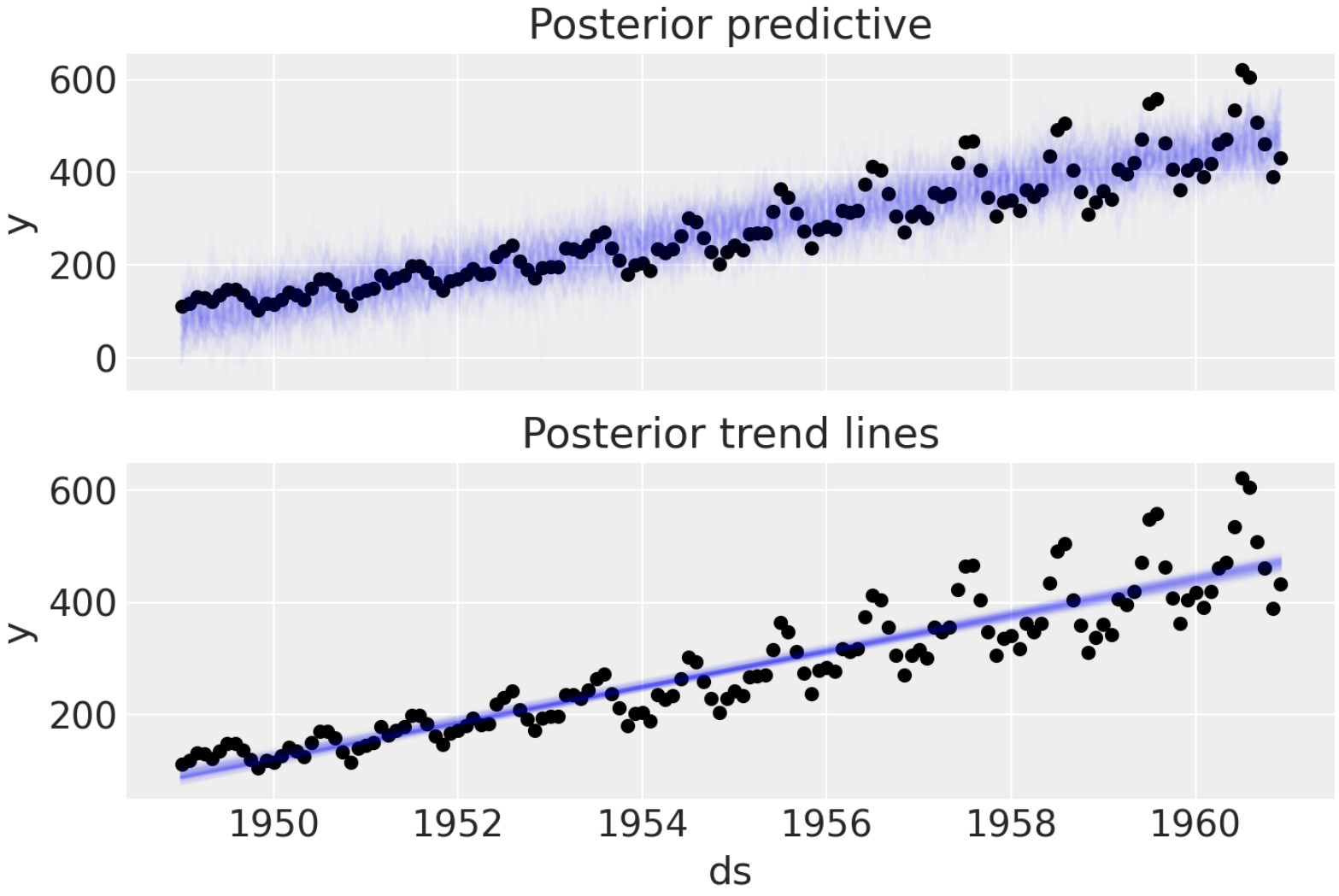
Updated priors



Posterior predictions

- Incorporate our actual data and then compare our model to observed outcomes
- Decide if we think that our model can make reasonable predictions

Posterior predictions



Adding seasonality

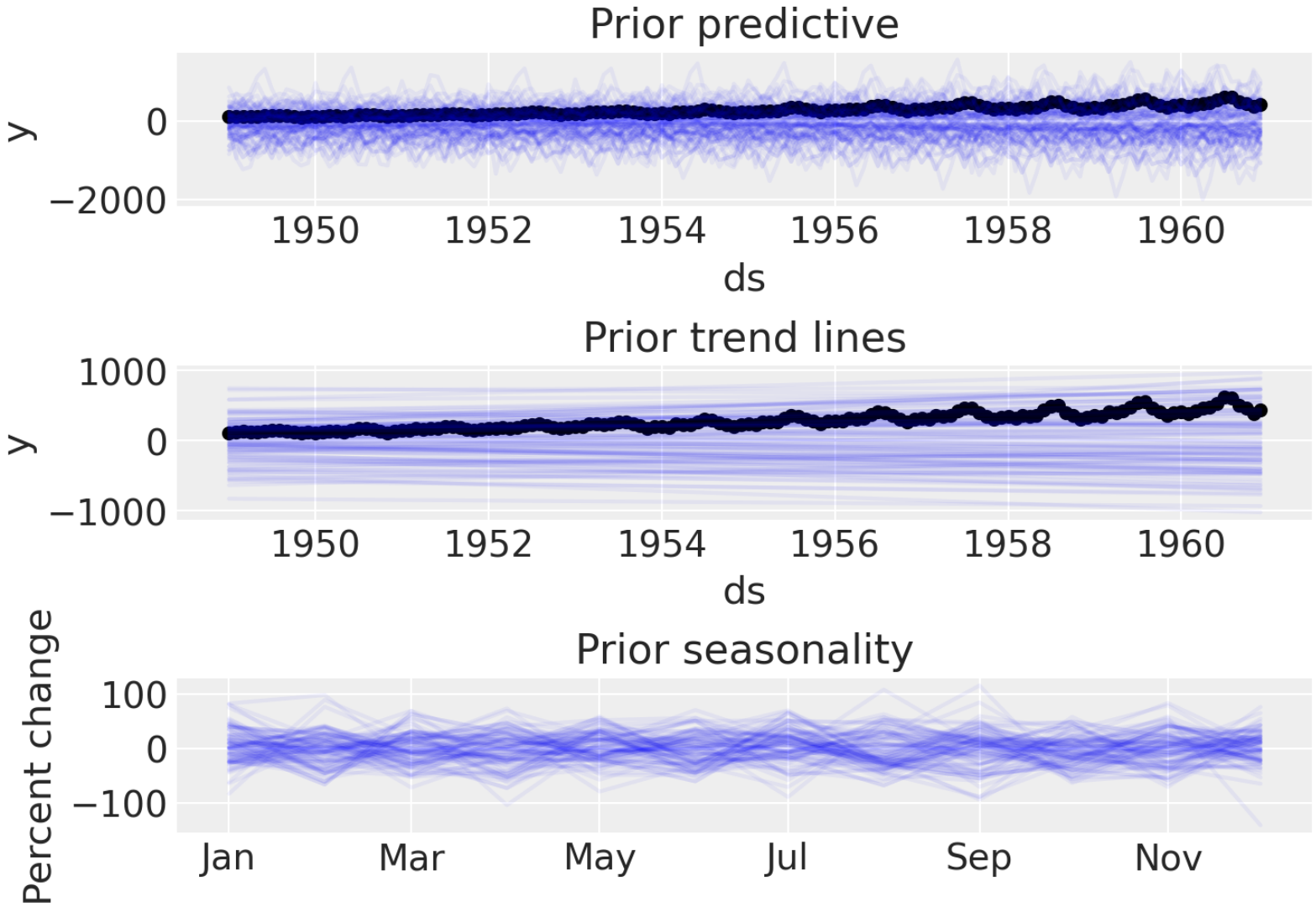
We add a group of periodic functions (fourier features) to function as our "seasonality splines" (if we think of our model as a GAM). They will get stretched or weighted based on observations.

Seasonality (multiplicative)

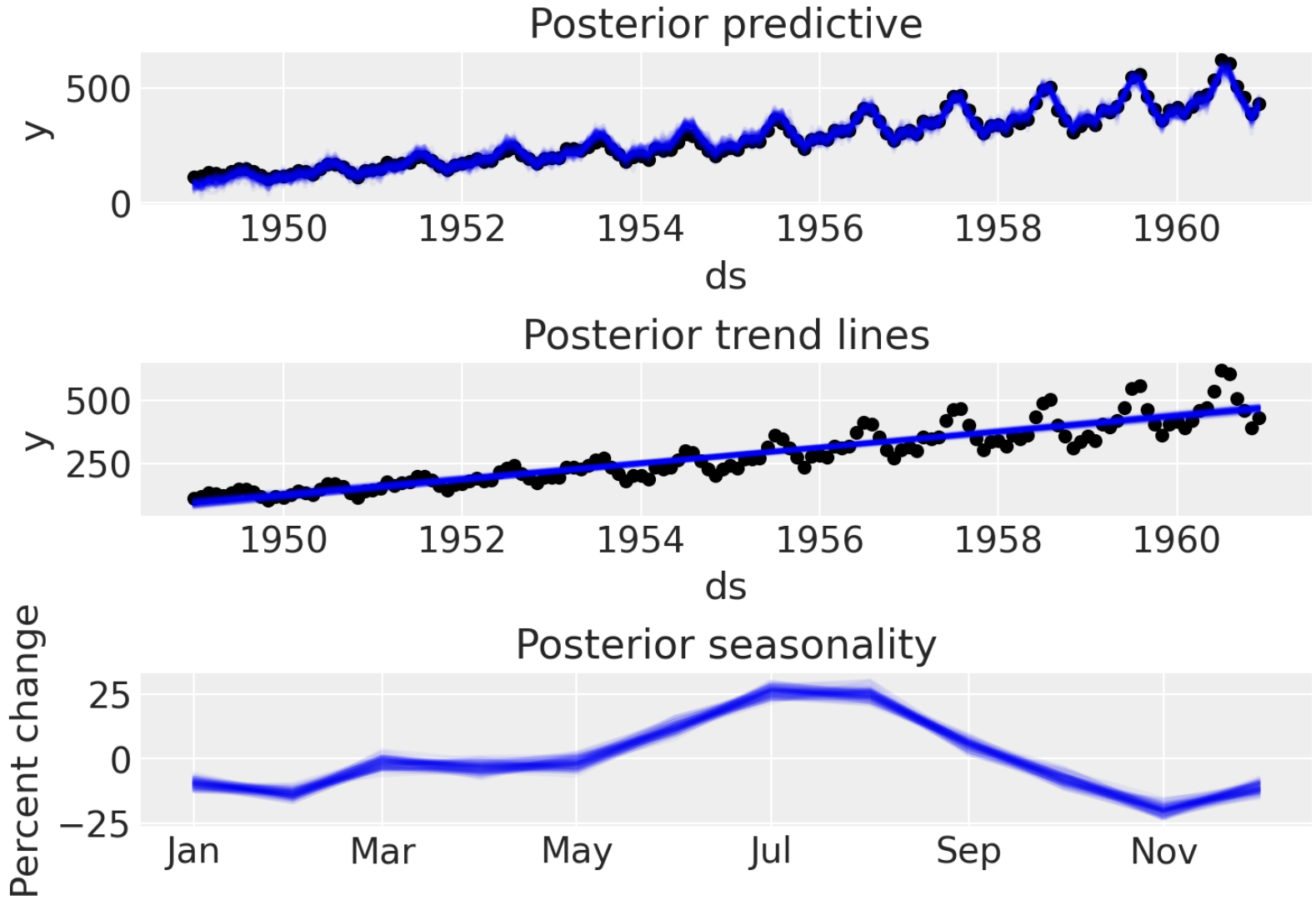
$$Passengers \sim (\alpha + \beta \cdot t) \cdot (1 + seasonality)$$

Our seasonal terms interact with each term in our original model to increase/decrease the expected number of passengers

Seasonal priors



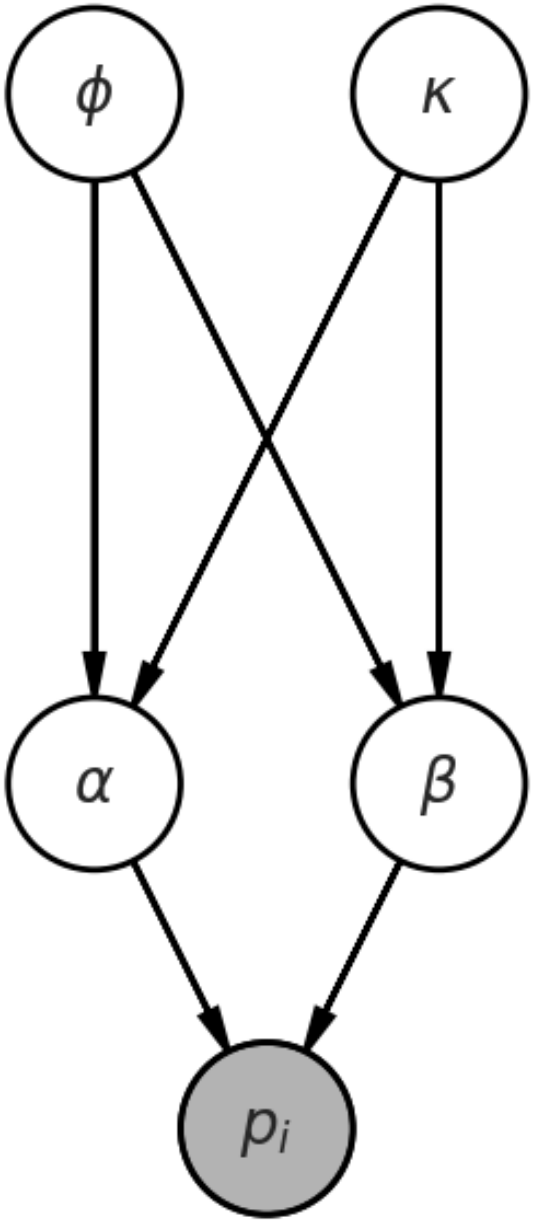
Seasonal posteriors



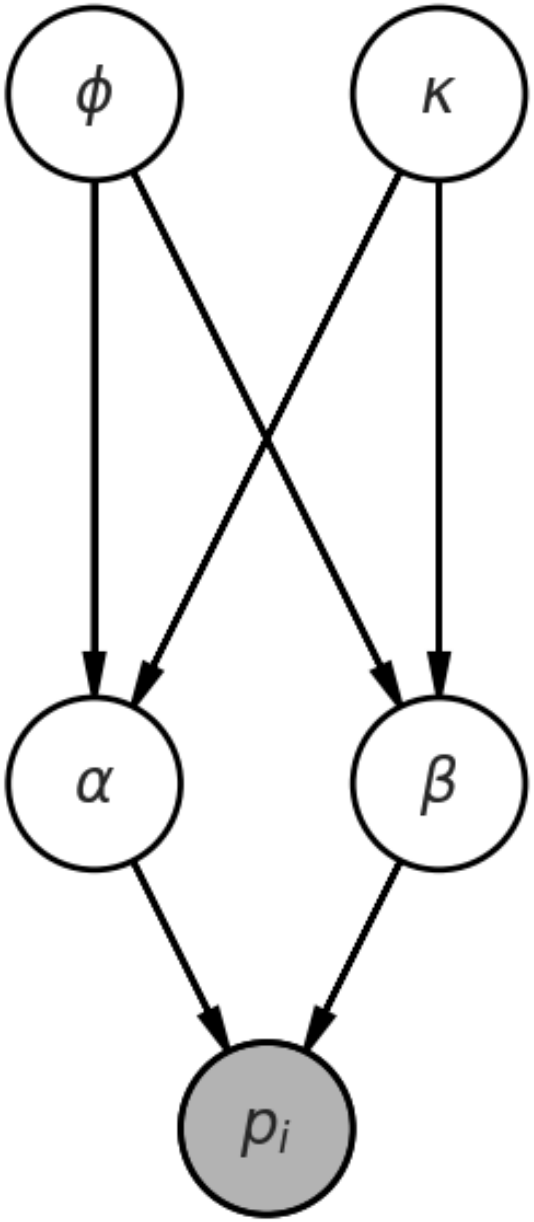
Modeling baseball outcomes

A revised/updated version of this tutorial

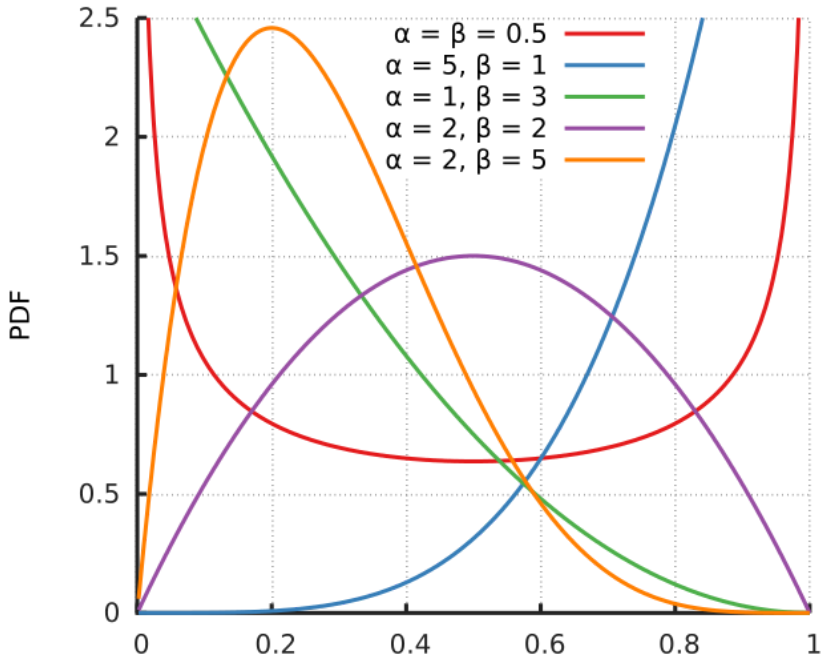
Follow along with the tweaked code here



- ϕ (phi) - Our population-level expectation of batting average
- κ (kappa) - Population variance in batting average
- α, β - Parameters of our beta distribution
- p_i - Individual batting average



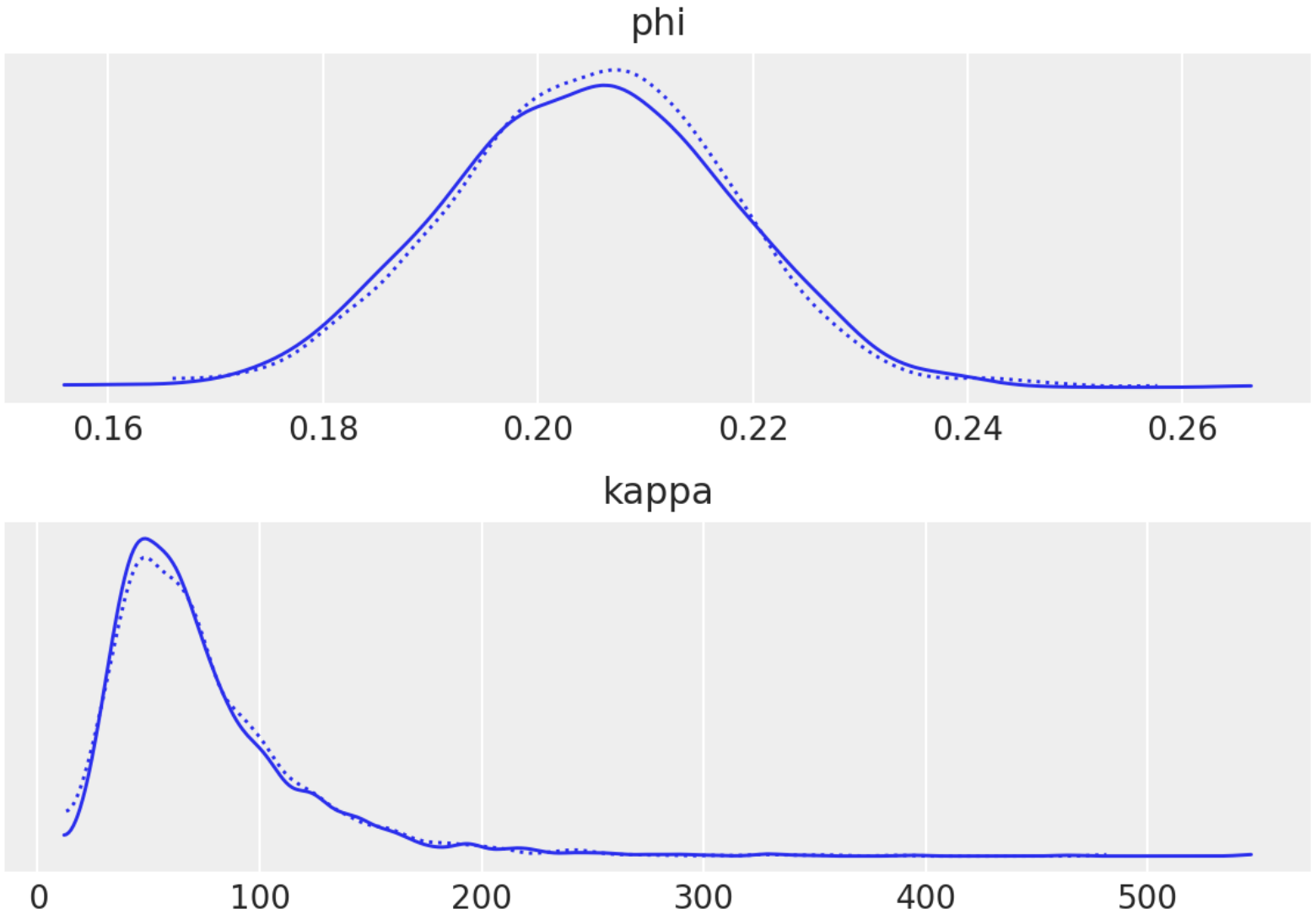
$$\alpha = \phi \cdot \kappa$$
$$\beta = (1 - \phi) \cdot \kappa$$



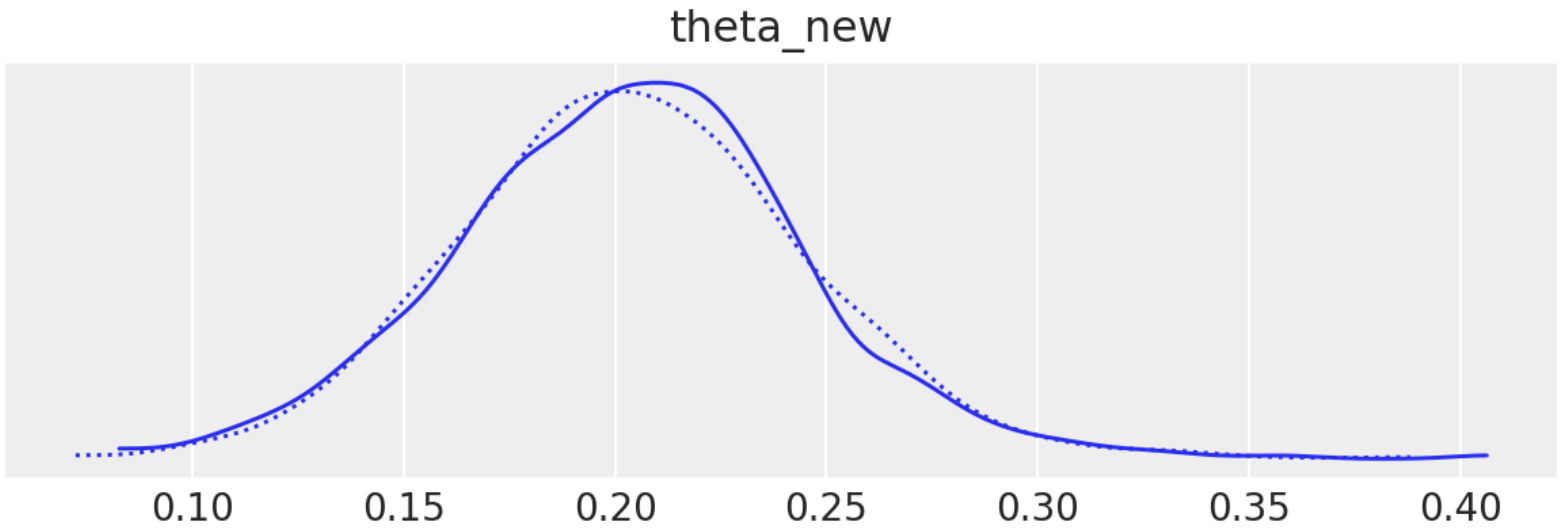
Beta distribution

- Used where there are binary outcomes (hit or no hit)
- Tilts toward 1 or 0 based on observed outcomes and concentration of those outcomes

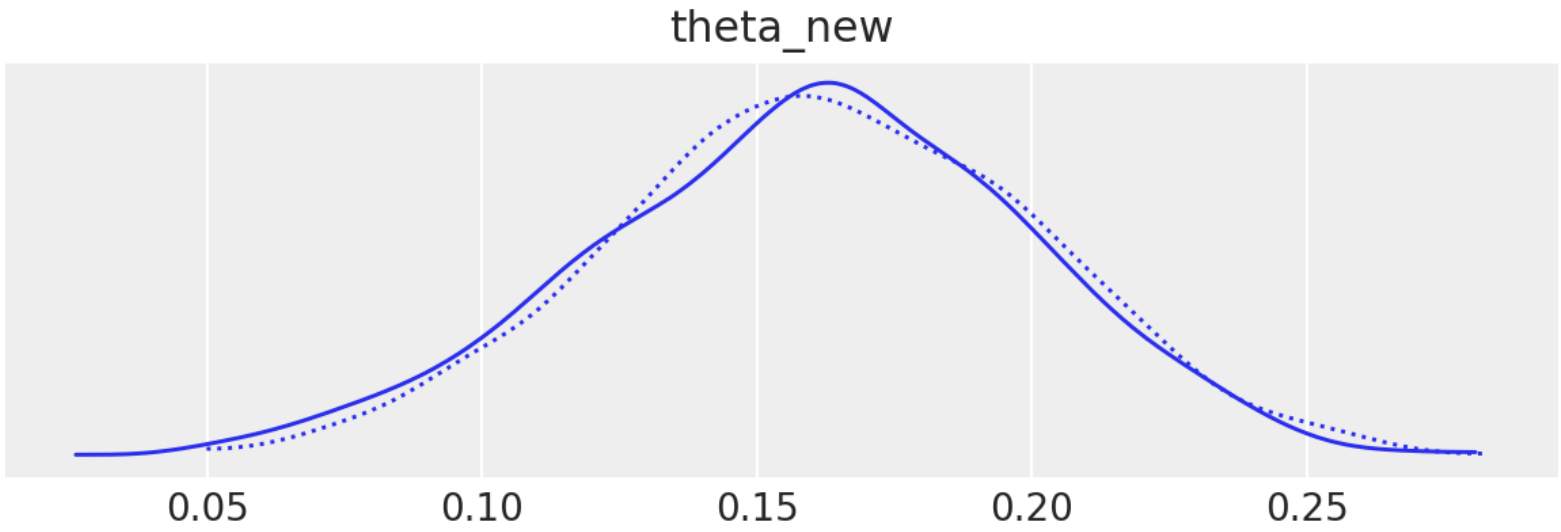
Population values



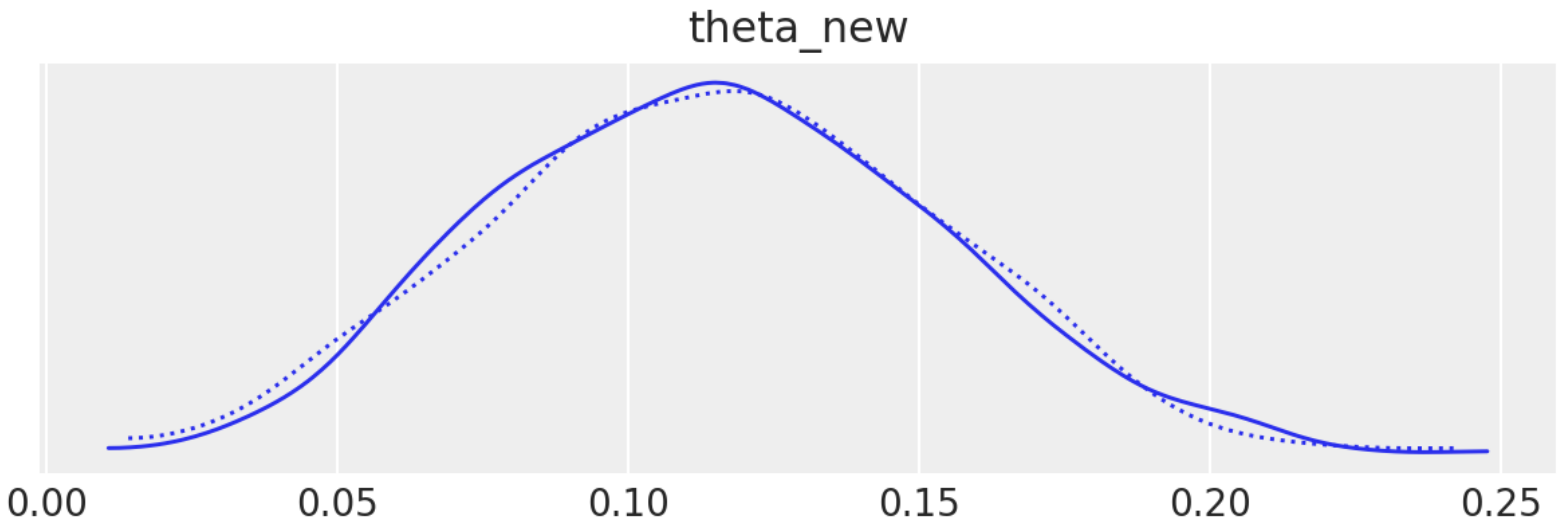
Player with 4 at-bats, no hits



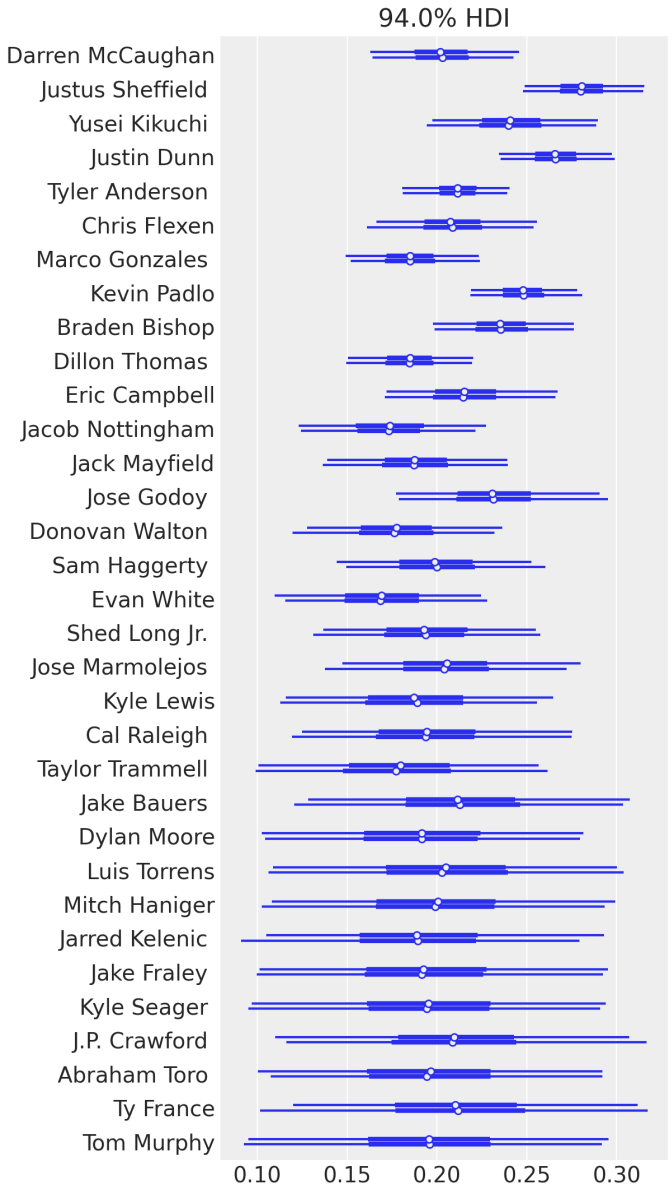
Player with 25 at-bats, no hits



Player with 50 at-bats, no hits



Mariners 2021



Data Storytelling

> Probabilistic programming will unlock narrative explanations of data, one of the holy grails of business analytics and the unsung hero of scientific persuasion. People think in terms of stories - thus the unreasonable power of the anecdote to drive decision-making, well-founded or not. But existing analytics largely fails to provide this kind of story; instead, numbers seemingly appear out of thin air, with little of the causal context that humans prefer when weighing their options.

-- B. Cronin (full article)