



CORRELATION

DESCRIPTIVE STATISTICS

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TOPIC OUTLINE

Covariance

Correlation Coefficient



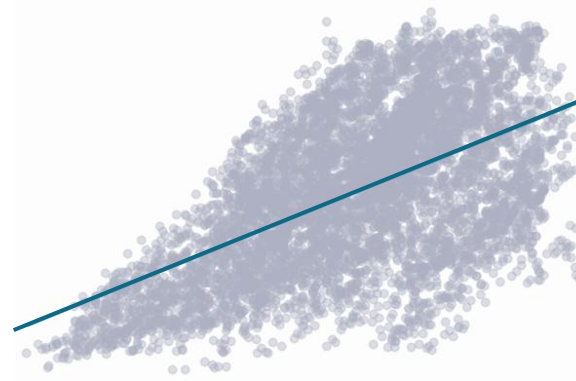
COVARIANCE



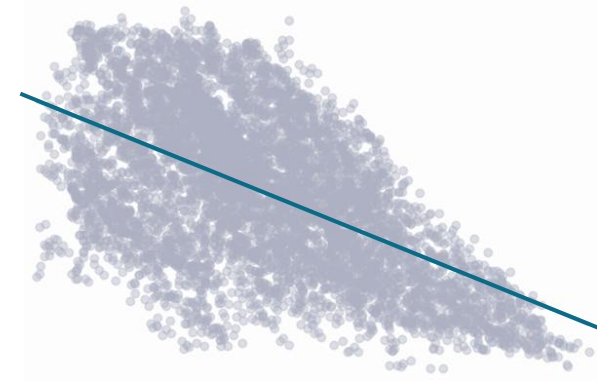
COVARIANCE

Covariance is a statistical measure that quantifies the relationship between two random variables (X, Y).

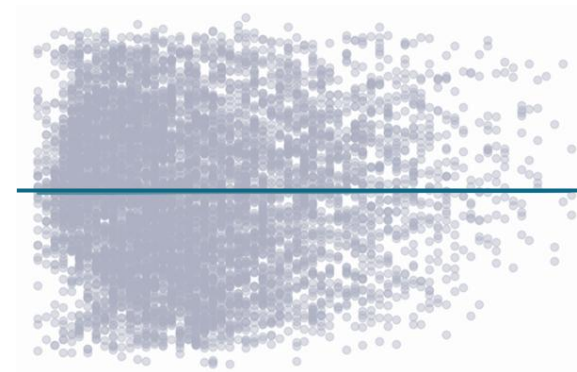
Scatter Plot



Covariance > 0



Covariance < 0



Covariance $= 0$



COVARIANCE

Covariance is a statistical measure that quantifies the relationship between two random variables (X, Y).

Population Covariance

$$\sigma_{xy} = \frac{\sum_{i=1}^N (x_i - \mu_x)(y_i - \mu_y)}{N}$$

Sample Covariance

$$s_{xy} = \frac{\sum_{i=1}^n (x_i - \bar{x})(y_i - \bar{y})}{n - 1}$$



COVARIANCE

Covariance is a statistical measure that quantifies the relationship between two random variables (X, Y).

The `df.cov()` method is used to compute the covariance matrix of a DataFrame.



EXERCISE

The given dataset contains five observations of current (A) and corresponding power (W) measurements. Does **current** and **power** consumption have a positive, negative, or no **linear relationship**?

Solution

Device	
Current	Power
2	100
3.5	200
1.8	90
4.2	210
2.7	110



CORRELATION COEFFICIENT



CORRELATION COEFFICIENT

Correlation coefficient adjusts covariance, so that the relationship between the two variables becomes easy and intuitive to interpret.

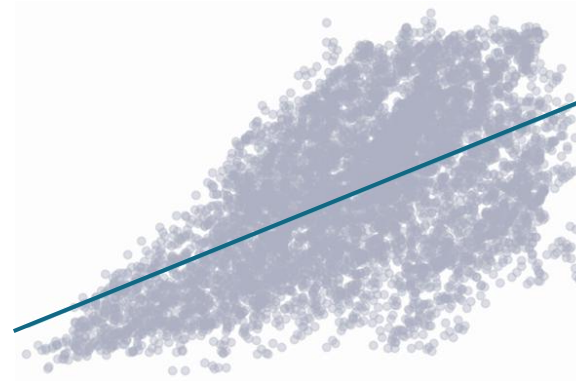
It ranges from -1 to $+1$:

$+1$ indicates perfect positive correlation

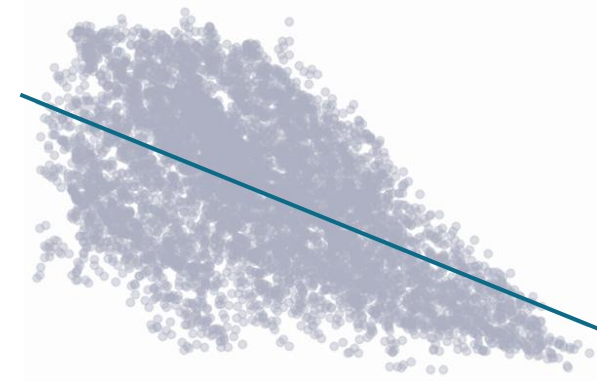
-1 indicates perfect negative correlation

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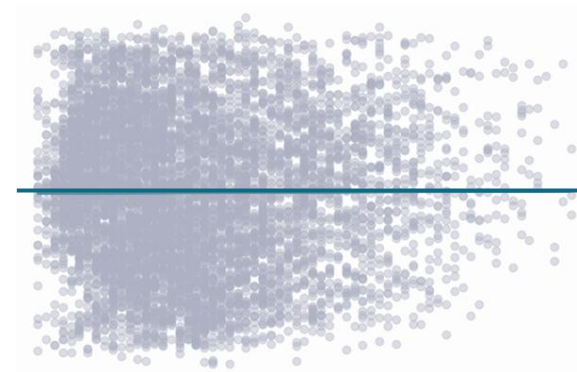
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Population Correlation Coefficient

$$r = \frac{\sigma_{xy}}{\sigma_x \sigma_y}$$

Sample Correlation Coefficient

$$r = \frac{s_{xy}}{s_x s_y}$$



CORRELATION COEFFICIENT

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It ranges from -1 to $+1$:

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The `df.corr()` method is used to compute the correlation matrix of a DataFrame.



EXERCISE

Determine if each scenario suggests a positive, negative, or no correlation:

- | | |
|--|----------------|
| 1. Ice cream sales and umbrella sales in a city. | negative |
| 2. Hours spent studying and exam scores. | positive |
| 3. A person's shoe size and their IQ. | no correlation |
| 4. Age of a used car and its resale value. | negative |



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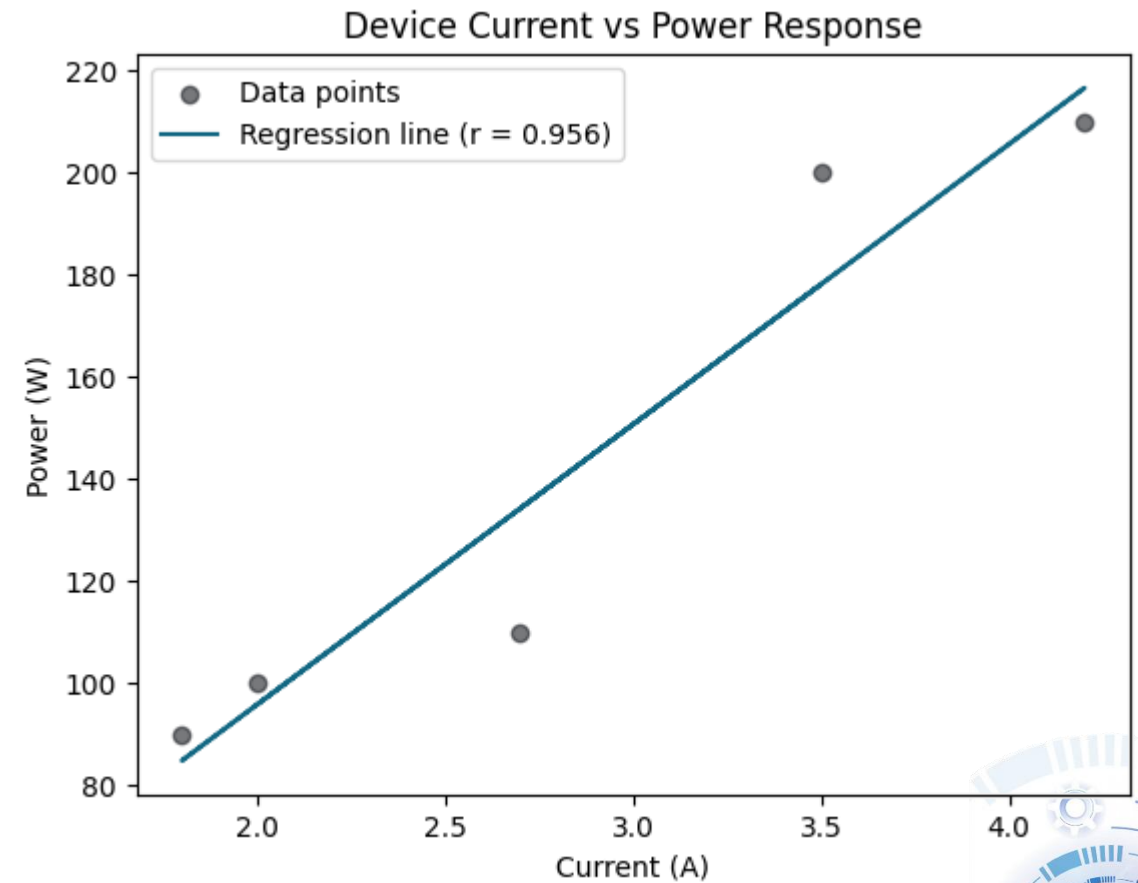


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Solution



LABORATORY

