

# Notation and Formulae Statistics

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# 1 Notation (commonly used in Textbooks)

## 1.1 Population and Sample Elements

Symbol	Meaning
$X, Y, Z, \dots$ (capital letters)	Random variables (range = population elements)
$x, y, z, \dots$ (lowercase letters)	A subset of the range of a random variable (e.g., a sample)
$x_i, y_i, z_i, \dots$ (lowercase letters with subscript)	A single specific value (number) that a random variable may take on
$N$	Population size
$n$	Sample size

## 1.2 Probabilities

Symbol	Meaning
$P(x)$	<p>Short for <math>P(X \in x)</math>, i.e., the probability that event <math>x</math> occurs.</p> <p>Examples:</p> <ul style="list-style-type: none"> <li>Random variable takes on <math>x_i</math> (<math>x = x_i</math>):  <math display="block">P(x_i) := P(X = x_i)</math></li> <li>Random variable in interval <math>x = [x_i, x_j]</math>:  <math display="block">P([x_i, x_j]) := P(x_i \leq X \leq x_j)</math></li> </ul>
$P(x   y)$	Short for $P(X \in x   Y \in y)$ , i.e., the conditional probability that event $x$ occurs, given that event $y$ has occurred.
$P(x, y)$	Short for $P(X \in x, Y \in y)$ , i.e., the joint probability that $x$ and $y$ occur.
$f_X$	Probability density function (pdf) of a continuous random variable $X$
$F_X$	Cumulative distribution function (cdf) of a continuous random variable $X$

### 1.3 Parameters and Statistics

Paramter / Statistic	Notation Parameter	Notation Statistic
Population / sample <i>mean</i>	$\mu$	$\bar{x}$
Population / sample <i>standard deviation and variance</i>	$\sigma$ or $sd(X)$ $\sigma^2$ or $var(X)$	$s$ or $sd(x)$ $s^2$ or $var(x)$
Population / sample <i>covariance</i> of the variables $X$ and $Y$	$\sigma_{XY}$ or $cov(X, Y)$	$s_{xy}$ or $cov(x, y)$
Population / sample <i>Pearson correlation coefficient</i> of the variables $X$ and $Y$	$\rho_{XY}$	$r_{xy}$
Population / sample <i>Pearson partial correlation coefficient</i> of the variables $X$ and $Y$ when controlling for $Z$	$\rho_{XY Z}$	$r_{xy z}$
Population / sample <i>Spearman rho correlation coefficient</i>	$\rho_{XY}^S$	$r_{xy}^S$

### 1.4 Special Symbols

Symbol	Meaning
$\bar{X}$	Random variable of the sample mean
$E[X], E[x]$	Expected value of population / sample
$se$	Standard error (= standard deviation) of the distribution (random variable) of a statistic
$\hat{\mu}$	Estimate of the population mean
$\hat{\sigma}^2$	Estimate of the population variance
$H_0, H_1$	Null / Alternative Hypothesis

## 2 Formulae for Variance, Covariance and Correlation

### 2.1 Expected Value

Let  $x$  be a sample of size  $n$  with  $v$  unique values, then:

$$E[x] = \frac{\text{frequency } x_1}{n} \cdot x_1 + \dots + \frac{\text{frequency } x_v}{n} \cdot x_v = P(x_1) \cdot x_1 + \dots + P(x_v) \cdot x_v,$$

i.e., the expected value is the probability-weighted sum of the unique values of a (sample) random variable.

### 2.2 Variance and Covariance

Let  $(x, y)$  be a sample of size  $n$ , then:

$$\text{var}(x) = \frac{(x_1 - \bar{x})^2 + \dots + (x_n - \bar{x})^2}{n} = E[(x - \bar{x})^2]$$

$$\text{cov}(x, y) = \frac{(x_1 - \bar{x})(y_1 - \bar{y}) + \dots + (x_n - \bar{x})(y_n - \bar{y})}{n} = E[(x - \bar{x})(y - \bar{y})]$$

Observe that  $\text{cov}(x, x) = \text{var}(x)$ .

### 2.3 Pearson Correlation Coefficient

Sample Pearson correlation coefficient:

$$r_{xy} = \frac{\text{cov}(x, y)}{\text{sd}(x) \cdot \text{sd}(y)}$$

### 2.4 Pearson Partial Correlation Coefficient

Sample Pearson partial correlation coefficient for *one control variable* ( $z$ ):

$$r_{xy|z} = \frac{r_{xy} - r_{xz} \cdot r_{yz}}{\sqrt{1 - r_{xz}^2} \cdot \sqrt{1 - r_{yz}^2}}$$

Sample Pearson partial correlation coefficient for  $k$  control variables ( $z_1, \dots, z_k$ ):

$$r_{xy|z_1 \dots z_k} = \frac{r_{xy} - (r_{xz_1} \cdot r_{yz_1} + \dots + r_{xz_k} \cdot r_{yz_k})}{\sqrt{1 - (r_{xz_1}^2 + \dots + r_{xz_k}^2)} \cdot \sqrt{1 - (r_{yz_1}^2 + \dots + r_{yz_k}^2)}}$$

### 3 Formulae for Conditional Probability, Independence, and Standard Score

#### 3.1 Conditional Probability

The probability that  $x$  occurs, given  $y$  has occurred is:

$$P(x | y) = \frac{P(y | x) \cdot P(x)}{P(y)} = \frac{P(x, y)}{P(y)}$$

#### 3.2 Stochastic Independence

Two random variables are stochastically independent if

$$P(x, y) = P(x) \cdot P(y) \text{ for all } x, y$$

#### 3.3 Standard Score (z Score)

The z score of a value  $x_i$  of a random variable  $X$  is:

$$z(x_i) = \frac{x_i - \text{mean}_X}{\text{sd}(X)}$$

If  $X$  is normally distributed  $Z_X$  is standard normally distributed.

### 4 Formulae for Inferential Statistics

#### 4.1 Finite Sample Correction of Standard Error

If

(i). sampling is done without replacement from a finite population and

(ii). the sample size ( $n$ ) is large relative to the population size ( $N$ ),

the standard error ( $se$ ) must be multiplied by  $fpc$  (finite population correction):

$$se = se_{\text{without } fpc} \cdot fpc,$$

$$\text{where } fpc = \sqrt{\frac{N-n}{N-1}}.$$

#### 4.2 Point Estimators

- The estimator for the population mean is the sample mean:

$$\hat{\mu} = \bar{x}$$

- The estimator for the population variance is the Bessel-corrected sample variance:

$$\hat{\sigma}^2 = s^2 \cdot \frac{n}{n-1}$$

- The estimator for a correlation coefficient is the sample correlation coefficient:

$$\hat{\rho} = r$$

### 4.3 Interval Estimators

- The general formula for an interval estimator is:

$$\text{point estimate} \pm \text{moe},$$

where the margin of error (moe) is some multiple of the standard error (se):

$$\text{moe} = m \times \text{se}$$

- Interval estimator of mean with confidence level  $\alpha$  and known population variance:

$$\bar{x} \pm z_{(1-\alpha)} \cdot \text{se}$$

### 4.4 P-Value for z Tests

Let  $ts$  be the test statistic, then

$$p = 1 - \Phi(|ts|) = P(X > |ts|),$$

where  $\Phi$  is the cumulative distribution function of the standard normal distribution. Then:

$$\text{One-tailed } p\text{-value} = p$$

$$\text{Two-tailed } p\text{-value} = p \times 2$$

## 5 Test Statistics of Parametric Tests

### 5.1 One- and Two-Sample Z Test of Means

#### 5.1.1 One-sample z test of means

Let  $x$  be a sample of size  $n$  (with sample mean  $\bar{x}$ ) of random variable  $X$  (with population standard deviation  $\sigma$ ).

- The *standard error* ( $se$ ) of the distribution of sample means ( $\bar{X}$ ) is:

$$se = \frac{\sigma}{\sqrt{n}}$$

- The *test statistic* of testing  $X$  against a pre-specified level  $\mu_0$  is:

$$z = \frac{\bar{x} - \mu_0}{se}$$

#### 5.1.2 Two-sample z test of means

Let  $x, y$  be samples of size  $n_x, n_y$  (with sample means  $\bar{x}, \bar{y}$ ) of random variable  $X, Y$  (with population standard deviation  $\sigma_X, \sigma_Y$ ).

Then, the random variable  $D = X - Y$  has sample mean  $\bar{d} = \bar{x} - \bar{y}$ .

- The *pooled standard error* ( $se$ ) of the distribution of sample means ( $\bar{D}$ ) is:

$$se_{\bar{D}} = \sqrt{se_X^2 + se_Y^2},$$

where  $se_X = \sigma_X / \sqrt{n_x}$  and  $se_Y = \sigma_Y / \sqrt{n_y}$ .

- The *test statistic* of testing  $D$  against a pre-specified level  $\mu_0$  ( $= 0$ , usually) is:

$$z = \frac{\bar{d} - \mu_0}{se_{\bar{D}}}$$

### 5.2 Correlation Tests

#### 5.2.1 Pearson Correlation Test

Let  $r_{xy}$  be the sample correlation coefficient of a sample  $(x, y)$  of size  $n$ .

- The *standard error* ( $se_R$ ) of the distribution of correlation coefficients ( $R$ ) is

$$se_R = \sqrt{\frac{1 - r_{xy}^2}{n - 2}}.$$

- The *test statistic* of  $R$  against a pre-specified level  $\rho_0$  ( $= 0$ , usually) is:

$$t_{n-2} = \frac{r_{xy} - \rho_0}{se_R},$$

which follows a t-distribution with  $n-2$  degrees of freedom.



### 5.2.2 Pearson Partial Correlation Test

Let  $r_{xy|z_1 \dots z_k}$  be the sample partial correlation coefficient of a sample  $(x, y, z_1, \dots, z_k)$  of size  $n$ .

- The *standard error* ( $se_R$ ) of the distribution of correlation coefficients ( $R$ ) is

$$se_R = \sqrt{\frac{1 - r_{xy}^2}{n - k - 3}},$$

where  $k$  denotes the number of control variables.

- The *test statistic* of  $R$  against a pre-specified level  $\rho_0$  ( $= 0$ , usually) is:

$$t_{n-k-3} = \frac{r_{xy|z_1 \dots z_k} - \rho_0}{se_R},$$

which follows a t-distribution with  $n - k - 3$  degrees of freedom.

### 5.2.3 Fisher Transformation

- The *Fisher transformation* of a correlation coefficient  $r$  is:

$$r^f = \frac{1}{2} \ln \left( \frac{1+r}{1-r} \right) = \text{artanh}(r)$$

and has the following standard error ( $se_f$ ):

$$se_f = \sqrt{\frac{1}{n-3}}$$

- The Fisher test statistic is then:

$$z_{fisher} = \frac{r_f}{se_f}$$

and follows a standard normal distribution if  $n$  is sufficiently large.

A Fisher z Test based on the Fisher test statistic can be used to test any of the aforementioned correlations plus Spearman rank correlation.

## 6 Test Statistics of Non-Parametric Tests

### 6.1 Mann Whitney U Test

- The  $U$  statistic is:

$$U = n_{max} \cdot n_{min} + \frac{n_{max}(n_{max} + 1)}{2} - R_{max},$$

where  $n_{max}$ ,  $n_{min}$  are the sample sizes of the samples with the highest / lowest rank sum and  $R_{max}$  is the highest rank sum.

- If there are no tied ranks, the standard error of  $U$  is:

$$se_u = \sqrt{\frac{n_{max} \cdot n_{min}(n_{max} + n_{min} + 1)}{12}}.$$

- The normal approximated *test statistic* is:

$$z_U = \frac{U - \frac{n_{max} \times n_{min}}{2}}{se_U}.$$

### 6.2 Chi2 Test

- The  $\chi^2$  statistic is:

$$\chi^2 = \sum \frac{(O - E)^2}{E},$$

where  $O$  are the observed and  $E$  are the expected frequencies.

- The normal approximated *test statistic* is:

$$z_{\chi^2} = \frac{\chi^2 - dof}{\sqrt{2 \times dof}},$$

where  $dof$  = degrees of freedom.

## 7 $\chi^2$ – and T-Distribution

Let  $Z_1, \dots, Z_k$  be independent standard normally distributed random variables, then the sum of their squares follows a  $\chi^2$  –distribution with  $k$  degrees of freedom:

$$\chi_k^2 = Z_1^2 + \dots + Z_k^2.$$

Let  $Z$  be a standard normally distributed and  $\chi_k^2$  a  $\chi^2$  –distributed random variable, then the following is t-distributed with  $k$  degrees of freedom:

$$T_k = \frac{Z}{\sqrt{\chi_k^2/k}}.$$