Random Variable

Let $(\mathcal{S}, \Sigma, P)$ be a probability space. Since P is a set function, it is not very easy to handle. Also in many situations, one may not be interested in the sample space rather one may be interested in some numerical characteristics of the sample space. For example, when a coin is tossed n-times, which replication resulted in heads is not of much interest. Rather, one is interested in the number of heads, and consequently, the number of tails, that appear out of n tosses.

It is therefore desirable to introduce a point function on the sample space so that we can use the theory of calculus or real analysis to study the properties of P.

Definition 1. *A function $X : \mathcal{S} \longrightarrow \mathbb{R}$ is called a random variable (RV) if $X^{-1}(B) \in \Sigma$, for all $B \in \mathbb{B}_{\mathbb{R}}$, that is, $X^{-1}(B) = \{w \in \mathcal{S} : X(w) \in B\}$ is an event.*

Notations.

We will use the following notations throughout the course.

- For $B \in \mathbb{B}_{\mathbb{R}}$, $\{X \in B\} \stackrel{\text{def}}{=} \{w \in \mathcal{S} : X(w) \in B\} \stackrel{\text{def}}{=} X^{-1}(B)$;
- $\{a < X \leq b\} \stackrel{\text{def}}{=} \{w \in \mathcal{S} : a < X(w) \leq b\} \stackrel{\text{def}}{=} X^{-1}((a, b])$;
- $\{a \leq X \leq b\} \stackrel{\text{def}}{=} \{w \in \mathcal{S} : a \leq X(w) \leq b\} \stackrel{\text{def}}{=} X^{-1}([a, b])$;
- $\{a < X < b\} \stackrel{\text{def}}{=} \{w \in \mathcal{S} : a < X(w) < b\} \stackrel{\text{def}}{=} X^{-1}((a, b))$;
- $\{a \leq X < b\} \stackrel{\text{def}}{=} \{w \in \mathcal{S} : a \leq X(w) < b\} \stackrel{\text{def}}{=} X^{-1}([a, b))$;
- $\{X = a\} \stackrel{\text{def}}{=} \{w \in \mathcal{S} : X(w) = a\} \stackrel{\text{def}}{=} X^{-1}(\{a\})$;
- $\{X \leq a\} \stackrel{\text{def}}{=} \{w \in \mathcal{S} : X(w) \leq a\} \stackrel{\text{def}}{=} X^{-1}((-\infty, a])$;
- $\{X < a\} \stackrel{\text{def}}{=} \{w \in \mathcal{S} : X(w) < a\} \stackrel{\text{def}}{=} X^{-1}((-\infty, a))$;
- $\{X \geq a\} \stackrel{\text{def}}{=} \{w \in \mathcal{S} : X(w) \geq a\} \stackrel{\text{def}}{=} X^{-1}([a, \infty))$;
- $\{X > a\} \stackrel{\text{def}}{=} \{w \in \mathcal{S} : X(w) > a\} \stackrel{\text{def}}{=} X^{-1}((a, \infty))$.

Remark 2. (1) *X is a random variable if and only if for each $x \in \mathbb{R}$, $\{X \leq x\} \in \Sigma$.*

(2) *If $\Sigma = \mathcal{P}(\mathcal{S})$, then any function $X : \mathcal{S} \longrightarrow \mathbb{R}$ is a random variable.*

(3) *Let $(\mathcal{S}, \Sigma, P)$ be a probability space and $X : \mathcal{S} \longrightarrow \mathbb{R}$ be a random variable. Then the random variable X induces a probability space $(\mathbb{R}, \mathbb{B}_{\mathbb{R}}, P_X)$, where $P_X(B) = P(\{w \in \mathcal{S} : X(w) \in B\})$, for all $B \in \mathbb{B}_{\mathbb{R}}$.*

Example 3. *Suppose that a fair coin is independently flipped thrice. Then $\mathcal{S} = \{HHH, HHT, HTH, THH, TTH, THT, HTT, TTT\}$ and $P(E) = \frac{\text{number of elements in } E}{8}$, for every $E \in \mathcal{P}(\mathcal{S})$. Define $X : \mathcal{S} \longrightarrow \mathbb{R}$ by $X(w) =$ number of heads, i.e.,*

$$X(w) = \begin{cases} 0, & w = \{TTT\} \\ 1, & w \in \{HTT, TTH, THT\} \\ 2, & w \in \{HHT, THH, HTH\} \\ 3, & w = \{HHH\}. \end{cases}$$

Clearly X is a random variable. The induced probability space is $(\mathbb{R}, \mathbb{B}_{\mathbb{R}}, P_X)$, where $P_X(\{0\}) = P_X(\{3\}) = \frac{1}{8}$, $P_X(\{1\}) = P_X(\{2\}) = \frac{3}{8}$, and $P_X(B) = \sum\limits_{i \in \{0,1,2,3\} \cap B} P_X(\{i\})$, for all $B \in \mathbb{B}_{\mathbb{R}}$.

Definition 4. *Let $(\mathcal{S}, \Sigma, P)$ be a probability space and $X : \mathcal{S} \longrightarrow \mathbb{R}$ be a random variable. The function $F_X : \mathbb{R} \longrightarrow \mathbb{R}$, defined by,*

$$F_X(x) = P(\{X \le x\}), \ \forall \ x \in \mathbb{R},$$

is called the ***cumulative distribution function*** *(c.d.f) or the* ***distribution function*** *(d.f) of the random variable X.*

Theorem 5. *Let F_X be the cumulative distribution function of a random variable X. Then*

(1) *F_X is non-decreasing;*
(2) *F_X is right continuous;*
(3) *$F_X(-\infty) \stackrel{\text{def}}{=} \lim_{x \to -\infty} F_X(x) = 0$ and $F_X(\infty) \stackrel{\text{def}}{=} \lim_{x \to \infty} F_X(x) = 1$.*

Proof. (1) Let $x_1 < x_2$. Then $(-\infty, x_1] \subset (-\infty, x_2]$. Then by the properties of the probability function, we have

$$F_X(x_1) = P(\{X \le x_1\}) \le P(\{X \le x_2\}) = F_X(x_2).$$

(2) Fix $a \in \mathbb{R}$. Since F_X is non-decreasing, $F_X(a+) = \lim_{x \to a+} F_X(x)$ exists. Therefore

$$F_X(a+) = \lim_{n \to \infty} F_X(a + \frac{1}{n}) = \lim_{n \to \infty} P(\{X \le a + \frac{1}{n}\}).$$

Let $E_n = \{w \in \mathcal{S} : X(w) \in (-\infty, a + \frac{1}{n}]\}$. Then E_n is an decreasing sequence of events and $\mathrm{Lim}_{n \to \infty} E_n = \cap_{n=1}^{\infty} E_n = \{w \in \mathcal{S} : X(w) \in (-\infty, a]\}$. Now by using continuity of probability, we have

$$\begin{aligned} F_X(a+) &= \lim_{n \to \infty} P(\{X \le a + \frac{1}{n}\}) \\ &= \lim_{n \to \infty} P(E_n) \\ &= P(\mathrm{Lim}_{n \to \infty} E_n) \\ &= P(\{X \in (-\infty, a]\}) \\ &= P(\{X \le a\}) \\ &= F_X(a) \end{aligned}$$

(3) Let $A_n = \{w \in \mathcal{S} : X(w) \in (-\infty, -n]\}$ and $B_n = \{w \in \mathcal{S} : X(w) \in (-\infty, n]\}$. Then A_n and B_n are decreasing and increasing sequence of events, respectively. Also $\mathrm{Lim}_{n \to \infty} A_n = \cap_{n=1}^{\infty} A_n = \emptyset\}$ and $\mathrm{Lim}_{n \to \infty} B_n = \cup_{n=1}^{\infty} B_n = \{w \in \mathcal{S} : X(w) \in \mathbb{R}\} = \mathcal{S}$. Therefore, by using continuity of probability, we have

$$\begin{aligned} F_X(-\infty) &= \lim_{n \to \infty} F_X(-n) \\ &= \lim_{n \to \infty} P(\{X \in (-\infty, -n]\}) \\ &= \lim_{n \to \infty} P(A_n) \\ &= P(\mathrm{Lim}_{n \to \infty} A_n) \\ &= P(\emptyset) = 0, \end{aligned}$$

and

$$\begin{aligned} F_X(\infty) &= \lim_{n\to\infty} F_X(n) \\ &= \lim_{n\to\infty} P(\{X \in (-\infty, n]\}) \\ &= \lim_{n\to\infty} P(B_n) \\ &= P(\mathrm{Lim}_{n\to\infty} B_n) \\ &= P(\mathcal{S}) = 1. \end{aligned}$$

□

Remark 6. (1) *Let $E_n = \{w \in \mathcal{S} : X(w) \in (-\infty, a - \frac{1}{n}]\} = \{X \leq a - \frac{1}{n}\}$. Then E_n is an increasing sequence of events and $Lim_{n\to\infty} E_n = \cup_{n=1}^{\infty} E_n = \{w \in \mathcal{S} : X(w) \in (-\infty, a)\} = \{X < a\}$. Now by using continuity of probability, we have*

$$\begin{aligned} P(\{X < a\}) &= P(Lim_{n\to\infty} E_n) \\ &= \lim_{n\to\infty} P(E_n) \\ &= \lim_{n\to\infty} P(\{X \leq a - \frac{1}{n}\}) \\ &= \lim_{n\to\infty} F_X(a - \frac{1}{n}) \\ &= F_X(a-). \end{aligned}$$

Therefore, $P(\{X < a\}) = F_X(a-)$, $\forall x \in \mathbb{R}$.

(2) *For $-\infty < a < b < \infty$, we have*

(a) $P(\{a < X \leq b\}) = P(\{X \in ((-\infty, b] - (-\infty, a])\}) = P(\{X \leq b\}) - P(\{X \leq a\}) = F_X(b) - F_X(a)$.

(b) $P(\{a < X < b\}) = P(\{X \in ((-\infty, b) - (-\infty, a])\}) = P(\{X < b\}) - P(\{X \leq a\}) = F_X(b-) - F_X(a)$.

(c) $P(\{a \leq X < b\}) = P(\{X \in ((-\infty, b) - (-\infty, a))\}) = P(\{X < b\}) - P(\{X < a\}) = F_X(b-) - F_X(a-)$.

(d) $P(\{a \leq X \leq b\}) = P(\{X \in ((-\infty, b] - (-\infty, a))\}) = P(\{X \leq b\}) - P(\{X < a\}) = F_X(b) - F_X(a-)$.

(3) *For $-\infty < a < \infty$, we have*

(a) $P(\{X \geq a\}) = P(\{X \in (\mathbb{R} - (-\infty, a))\}) = P(\{X \in \mathbb{R}\}) - P(\{X < a\}) = 1 - F_X(a-)$.

(b) $P(\{X > a\}) = P(\{X \in (\mathbb{R} - (-\infty, a]))\}) = P(\{X \in \mathbb{R}\}) - P(\{X \leq a\}) = 1 - F_X(a)$.

(4) *The distribution function F_X has atmost countable number of discontinuities.*

Example 7. *Let $(\mathcal{S}, \Sigma, P)$ be a probability space. Define $X : \mathcal{S} \longrightarrow \mathbb{R}$ by $X(w) = c$, for all $x \in \mathcal{S}$, where c is a fixed real number. Clearly, X is a random variable and the cumulative distribution function of X is*

$$F_X(x) = P(\{X \leq x\}) = \begin{cases} 0, & x < c \\ 1, & x \geq c. \end{cases}$$

Example 8. *Let $(\mathcal{S}, \Sigma, P)$ be a probability space and E be an event. Define $I_E : \mathcal{S} \longrightarrow \mathbb{R}$ by $I_E(w) = 1$, if $w \in E$ and $I_E(w) = 0$, if $w \notin E$. The function I_E is called the indicator function or characteristic function of E and is sometimes denoted by 1_E or χ_E. We have*

$$\{I_E \leq a\} = I_E^{-1}((-\infty, a]) = \begin{cases} \emptyset, & a < 0 \\ E^c, & 0 \leq a < 1 \\ \mathcal{S}, & a \geq 1. \end{cases}$$

Clearly, I_E is a random variable and the cumulative distribution function of I_E is

$$F_{I_E}(a) = P(\{I_E \leq a\}) = \begin{cases} 0, & a < 0 \\ P(E^c), & 0 \leq a < 1 \\ 1, & a \geq 1. \end{cases}$$

Example 9. *Let $\mathcal{S} = \{HHH, HHT, HTH, THH, TTH, THT, HTT, TTT\}$ with $P(E) = \frac{\text{number of elements in } E}{8}$, for every $E \in \mathcal{P}(\mathcal{S})$. Let $X : \mathcal{S} \longrightarrow \mathbb{R}$ be a random variable, defined by $X(w) =$ number of heads. Then the cumulative distribution function of X is*

$$F_X(x) = P(\{X \leq x\}) = \sum_{i \in \{0,1,2,3\} \cap (-\infty, x]} P(\{X = i\}) = \begin{cases} 0, & x < 0 \\ \frac{1}{8}, & 0 \leq x < 1 \\ \frac{1}{2}, & 1 \leq x < 2 \\ \frac{7}{8}, & 2 \leq x < 3 \\ 1, & x \geq 3. \end{cases}$$

Example 10. *Consider the probability space $(\mathbb{R}, \mathbb{B}_{\mathbb{R}}, P)$ with $P(B) = \int_0^\infty e^{-t} I_B(t) dt$, where I_B is the indicator function of B. Define $X : \mathbb{R} \longrightarrow \mathbb{R}$ by*

$$X(w) = \begin{cases} 0, & w \leq 0 \\ \sqrt{w}, & w > 0. \end{cases}$$

We have

$$\{X \leq x\} = X^{-1}((-\infty, x]) = \begin{cases} \emptyset, & x < 0 \\ (-\infty, x^2], & x \geq 0. \end{cases}$$

Thus X is a random variable. Now, the cumulative distribution function of X is

$$F_X(x) = P(\{X \leq x\}) = \begin{cases} P(\emptyset), & x < 0 \\ P((-\infty, x^2]), & x \geq 0. \end{cases}$$

Thus

$$F_X(x) = \begin{cases} 0, & x < 0 \\ \int_0^{x^2} e^{-t} dt, & x \geq 0 \end{cases} = \begin{cases} 0, & x < 0 \\ 1 - e^{-x^2}, & x \geq 0. \end{cases}$$

Definition 11. *A real-valued function $F : \mathbb{R} \longrightarrow \mathbb{R}$ that is increasing, right continuous and satisfies*

$$F(-\infty) = 0 \text{ and } F(\infty) = 1$$

is called a distribution function.

Theorem 12. *Every distribution function is the distribution function of a random variable on some probability space.*