# Chapter 2: Statistical Learning

## Chapter 2: What is statistical learning

We observe a quantitative response Y and p different predictors,  $X_1, X_2, \dots X_p$ . We assume a relationship between Y and X which can be written in the general form:

$$Y = f(X) + \epsilon \tag{2.1}$$

f represents the unknown function of X and  $\delta$  represents the error term. F is the systematic information that X provides about Y.

## Why do we estimate y?

- 1. **Prediction**  $*\hat{f}$  is the estimate for f and  $\hat{Y}$  is the prediction the prediction for Y.
- reducible error: inaccuracy with predictions
- irreducible error: Y is a function of  $\delta$  and therefore cannot reduce the error introduced by  $\delta$

$$\hat{Y} = \hat{f}(X) \tag{2.2}$$

$$E(Y-\hat{Y})^2 = E[f(X)+\epsilon-\hat{f}(X)]^2 = [f(X)-\hat{f}(X)]^2 + Var(\epsilon)$$

The first term  $[f(X) - \hat{f}(X)]^2$  is the reducible error and the variance of epsilon is the irreducible error.

- 2. **Inference** \*This is where we want to estimate but not predict f.
- Which predictors are associated with the response?
- What is the relationship between the response and each predictor?
- Can the relationship between Y and each predictor be adequately summarized using a linear equation?

## How do we estimate f?

Training data is a set of observations used to teach a method to estimate f.

We can use two models to estimate f.

**Parametric models** There models have a two step approach: - First Assume f:

$$f(X) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n \tag{2.4}$$

This is a linear model where instead of having to estimate an entirely arbitrary p-dimensional function f(X) we only need to estimate p+1 coefficients. \* fit/train the model

$$Y \approx \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_p X_p$$

We need to estimate the parameter such that the approximate Y. This is called *ordinary least squares*.

This procedure is called parametric because estimating f is through the estimation of a set of parameters. While much simpler to do, this can cause approximation variance.

Flexible models can fit many functional forms for f. Over fitting can occur if the model is too complex and follows noise too closely.

Nonparametric models Nonparametric models don't make explicit assumptions but seek estimates of f. While we don't need to worry about fit of data, a large amount of data is needed to obtain an accurate estimate of f.

Thin-plate spline is used to estimate f by not imposing a predefined model on f but attempts to produce estimates for f that is as close to observed data.

This observed fit is called *smoothness*. The smoother the visualization fo the data is, the better fit. Choosing the correct metric of smoothing to avoid over-fitting will be discussed.

#### Extra: Smoothness measure

Data fidelity term The TPS smoothness measure arises from considering the integral of the second derivative (usually denoting the curvature/concavity of a graph). In this case, we can use the *energy function* (a function we want to minimize/maximize):

$$E_{tps}(f) = \sum_{i=1}^{K} ||y_i - f(x_i)||^2$$

Known as the data fidelity term, this measures how well function f fits the data points  $(x_i, y_i)$ . The goal is to minimize the difference or error of the observed and true values of  $y_i$  and  $f(x_i)$ .

Smoothness Penalty Term The smoothness variant uses a tuning parameter  $\lambda$  (which is externally constructed) to control the "rigidity" and minimize  $E_{tps,smooth}$  with a unique minimizer f:

$$E_{tps,smooth}(f) = \sum_{i=1}^{K} ||y_i - f(x_i)||^2 + \lambda \int \int [(\frac{\partial^2}{\partial x_1^2})^2 + 2(\frac{\partial f}{\partial x_1 x_2})^2 + (\frac{\partial^2 f}{\partial x_2^2})^2] dx_1 dx_2$$

This penalty term includes the sum of squared second order partial derivatives that quantify the curvature of f in different directions such as: \*  $\frac{\partial^2}{\partial x_1^2}$ : curvature in  $x_1$  direction \*  $\frac{\partial f}{\partial x_1 x_2}$  mixed curvature between  $x_1$  and  $x_2$  \*  $\frac{\partial^2 f}{\partial x_2^2}$  curvature in  $x_2$  direction

### The trade-off between prediciton accuracy and model interpretability

Thin plate splines can generate much wider ranges of possible shapes to estimate f.

A more restrictive model is used for inference whereas linear models are good for prediction. Splines can lead to super complicated estimates of f that lead to difficult predictor separation to analyze the effect on the response.

Other models Restrictive - linear regression - thin plate splines - lasso - GAM Flexible - thin plate splines - bootstrapping - bagging, boosting, support vector machines

#### Supervised vs unsupervised learning

Supervised learning is used when we wish to fit a model that relates the response to the predictors with the aim of accurately predicting the response for future observations. Examples include - linear/logistic regression - GAM - boosting, support vector machines

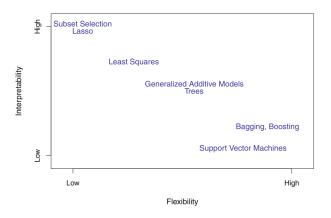


Figure 1: Representation of tradeoff

Unsupervised learning is used when we observe a vector of measurements  $x_i$  but no associated response  $y_i$ . We lack a response to supervise our analysis so instead we understand relationships between variables and observations. Examples - cluster analysis

Semi supervised learning is used when we have disjoint sets of supervised an unsupervised observations. We wish to incorporate m observations which response measurements are available and n-m observations for which they are not.

#### Regression vs. classification problems

Variables can be characterized as either quantitative or qualitative/categorical.

We tent o prefer regression for quantitative (ex: least squares regression) and classification for categorical variables (ex: logistic regression). Some methods like K-nearest neighbors and boosting used for both cases.

## 2.2 Assessing model accuracy

#### Measuring the quality of fit

We need to quantify the extent to which the predicted response value for a given observation is close t the true response value for that observation.

This is called the Mean Squared Error

$$MSE = \frac{1}{n} \sum_{i=1}^{n} (y_i - \hat{f}(x_i))^2$$
 (2.5)

 $\hat{f}(x_i)$  is the prediction that  $\hat{f}$  gives for the *i*th observation. The MSE is computed from the training data. training MSE is used when we are interested in the accuracy of the predictions that we obtain when we apply our method to previously unseen test data.

Described mathematically: suppose we use our training observations  $\{(x_1, y_1), \dots, (x_n, y_n)\}$  to estimate  $\hat{f}$ . We can then compute  $\hat{f}(x_1), \dots, \hat{f}(x_n)$ . If our response is close to the true response, then our MSE is small. But we don't want to know if  $\hat{f}(x_i) \approx y_i$ .

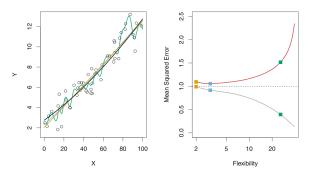
We want to know whether  $\hat{f}_0$  is approx equal to  $y_0$  where  $(x_0, y_0)$  is previously unseen data. We need to choose the method that gives the lowest test MSE as opposed to the lowest training MSE.

We can use the average squared prediction error

$$Ave(y_0 - \hat{f}(x_0))^2$$
 (2.6)

We want the method with the smallest average test MSE.

What if we don't have test observations to find the smallest test MSE? We can't use the training MSE because there is no guarantee that the method with the lowest training MSE will also have the lowest test MSE. The problem is that many methods estimate coefficients to minimize the training set and ignore testing measures.



The true f is approx linear. We observe the training MSE decreases monotonically as the model flexibility increases. But because the truth is closer to linear, the test MSE only slightly decreases before increasing again. Therefore linear regression is better than splicing.

The flexibility level corresponding to the model with the minimal test MSE can vary considerably among data sets. Using *cross validation* can be sued to estimate the test MSE using the training data.

#### Bias-Varinace trade off

The U-shapes MSE's is the consequence of two competing properties of statistical learning methods. It can be shown that the expected test MSE for a given value  $x_0$  can always eb decomposed into teh sum of three fundamental quantities: - variance of  $\hat{f}(x_0)$  - squared bias of  $\hat{f}(x_0)$  - variance of error term  $\epsilon$ 

$$E(y_0 - \hat{f}(x_0))^2 = Var(\hat{f}(x_0)) + [Bias(\hat{f}(x_0))]^2 + Var(\epsilon)$$
 (2.7)

 $E(y_0 - \hat{f}(x_0))^2$  is the expected test MSE and refers to the average test MSE that we would obtain if we repeatedly estimated f using large number of training sets. - the overall expected MSE can be comuted by averaging the expected test MSE over all possible values of  $x_0$  in the test set

2.7 shows that to minimize the expected test MSE we need to minimize variance and bias.  $Var(\epsilon)$  is non-zero and irreducible, therefore the expected test MSE can never be smaller than the variance of  $\epsilon$ .

Variance is the amount in which  $\hat{f}$  would change if using a different training data set. Bias is the error that is introduced by approx real life problem. Generally more flexible methods result in less bias as the variance increases while the bias decreases. The rate of change between the two determines the increase or decreae of the test MSE.

#### The classification setting

The common approach of quantifying the accuracy of our estimate with categorical data is the training *error* ate, which is the proportion of mistakes that are made if we apply our estimate  $\hat{f}$  to the training observations:

$$\frac{1}{n} \sum_{i=1}^{n} I(y_i \neq \hat{y}_i) \tag{2.8}$$

 $I(y_i \neq \hat{y}_i)$  is the indicator variable that equals 1 if  $y_i \neq \hat{y}_i$  and 0 otherwise. 0 means that the variable was classified correctly and vice versa.

2.8 is the training error because if is computed based on the training data. We are most interested in the average test error over the set of test observations of the form  $(x_0, y_0)$  given be

$$Ave(y_i \neq \hat{y_i}) \tag{2.9}$$

### The Bayes Classifier It is possible to show that the test error rate given in 2.9 is miniized on average by a simple classifier that assigns each observation to the most likely case given its predictor values.

In other words: simply assign a test observation with predictor value  $x_0$  to the class j for which

$$Pr(Y=j|X=x_0) (2.10)$$

The proof behind the pudding Citation: Shuzhan Fan **The Bayes theorem** Given a feature vector  $X = (x_1, \dots, x_n)$  and a class variable  $C_k$ , the Bayes theorem states that:

$$P(C_k|X) = \frac{P(X|C_k)P(C_k)}{P(X)}$$
 for k = 1, 2, ...  
K

 $P(C_k|X)$  is the posterior probability and  $P(X|C_k)$  is the likelihood.  $P(C_k)$  is the prior probability of class and P(X) is the probability of the predictor.

Using the chain rule the likelihood  $P(X|C_k)$  can be decomposed as:

$$P(X|C_k) = P(x_1 \dots x_n | C_k) = P(x_1 | x_2, \dots, x_n, C_k) P(x_2 | x_3, \dots, x_n, C_k) \dots P(x_{n-1} | x_n, C_k) P(x_n | C_k)$$

#### Naive independence assumption

The naive conditional independence assumption allows us to calculate  $P(X|C_k)$  easily by:

$$P(x_i|x_{i+1},...,x_n|C_k) = P(x_1|C_k)$$

We can get:

$$P(X|C_k) = P(x_1, \dots, x_n|C_k) = \prod_{i=1}^n P(x_i|C_k)$$

The posterior probability  $P(C_k|X)$  can be written now as:

$$P(C_k|X) = \frac{P(C_k)\prod_{i=1}^n P(x_i|C_k)}{P(X)}$$

### Naive Bayes model Because the predictor P(X) is constant given the input, we can get  $P(C_k|X)$  which is positively proportional to:

$$P(C_k|X) \propto P(C_k) \prod_{i=1}^n P(x_i|C_k)$$

Therefore the naive Bayes classification for different class values of  $C_k$  looks at the maximum of  $P(C_k) \prod_{i=1}^n P(x_i|C_k)$  which can be formulated to:

$$\hat{C} = argmax_{C_k} P(C_k) \prod_{i=1}^n P(x_i | C_k)$$

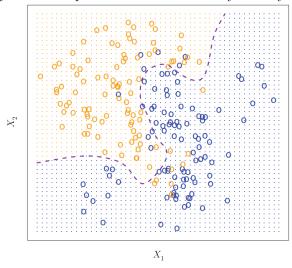
The prior probability of class  $P(C_k)$  could be calculated as the relative frequency of class  $C_k$  in the training data.

The difference between naive Bayes vs Bayes The likelihood  $P(x_i|C_k)$  is usually modeled using the same class distributions, but for the naive Bayes classifier the assumption is made regarding the distribution of  $P(x_i|C_k)$ .

A conditional probability is represented as the probability of Y = j given the observed predictor vector  $x_0$ . This complete classifier is called the *Bayes classifier*.

In a two class problem where there is only class 1 and class 2, the Bayes classifier categorizes classes by a parameter like  $P(Y = 1|X = x_0) > 0.5$ .

The Bayes decision boundary is the line that represents the points where the probability is exactly 50%. The Bayes classifier prediction is determined by the Bayes decision boundary. The image below illustrates this:



The Bayes classifier produces the lowest possible test error rate, called the Bayes error rate. Because the Bayes classifier will always choose the class which the conditional probability is the largest, the error rate  $X = x_0$  will be  $1 - max_j P(Y = j | X = x_0)$ .

The overall Bayes error is given by

$$1 - E(\max_{j} P(Y=j|X)) \tag{2.11}$$

Because the classes overlap in the true population in the image above,  $\max_j P(Y=j|X=x_0) < 1$  for some values of  $x_0$ . The Bayes error rate is analogous to the irreducible error.

#### K-nearest neighbors

For real data we don't have conditional distributions of Y given X. so computing the Bayes classifier is impossible. Many approaches attempt to estimate Bayes estimator as the gold standard and then classify a given observation to the class with the highest *estimated* probability.

A method that does this is called the KNN classifier. Given a positive integer K and a test observation  $x_0$ , the KNN classifier first identifies the K points in the training data that are closest to  $x_0$  represented by  $\mathcal{N}$ .

It estimates the conditional probability for the class j as the fraction of points in  $\mathcal{N}_0$  whose response values equal j:

$$P(Y = j | X = x_0) = \frac{1}{K} \sum_{i \in \mathcal{N}_0} I(y_i = j)$$
 (2.12)

Finally the KNN applies Bayes rule and classifies the test observation  $x_0$  to the class with the largest probability.

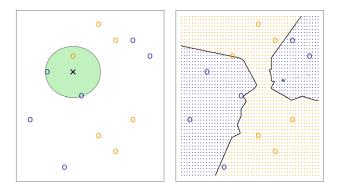


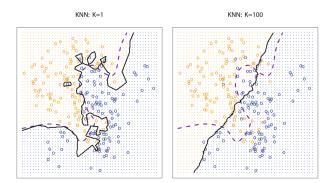
Figure 2: The KNN Classifer

In the example below we set K=3 at all possible values for  $X_1$  and  $X_2$ . The KNN decision boundary is illustrated in green. The black cross illustrates the test observation at which a predicted class label is desired. - the three closest points are identified and classified to blue: the most commonly occurring class

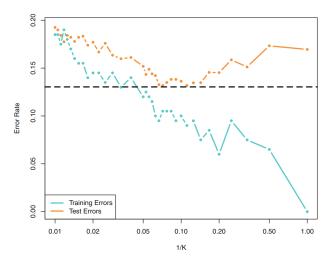
The KNN boundary in black splits blue and orange class observation regions.

The choice of K The choice of K has a drastic effect on the KNN classifier. When K=1 the decision boundary is overly flexible and over fits the data. Logically, this corresponds to a classifier that has low bias but very high variance. As K grows the method becomes less flexible and produces a decision boundary that is close to linear. - this gives us a low variance but high bias classifier

In general as we use more flexible classification methods the training error rate will decline but the test error rate may not.



With K=1 the decision boundary is too flexible and vice versa for K=100.



The blacked dashed line is the Bayes error rate. The error rates are measured as the level of flexibility, accessed by  $\frac{1}{K}$ , increases, (ie the number of neighboring Ks decrease). The more flexible the less neighboring Ks

### **Excersises**

1.

- a) flexible
- b) inflexible
- c) inflexible
- d) flexible

Usually, inflexible methods are used for predicting with large numbers of predictor p or with a strong relationship. Flexible methods are for large sample sizes that correspond to high variance but low bias. In a case with a large n and small p, we can use flexible methods without the fear of overfitting.

2.

- a) regression, inference
- b) classification, inference
- c) regression, prediction

### Applied

```
# read csv
college <- read.csv("C:/Users/chuan_71/OneDrive/Desktop/TRADING/ISL/College.csv")
# data exploration
head(college)</pre>
```

```
X Private Apps Accept Enroll Top1Operc Top25perc
##
## 1 Abilene Christian University
                                         Yes 1660
                                                     1232
                                                              721
                                                                          23
                                                                                    52
                                                                                    29
## 2
                Adelphi University
                                         Yes 2186
                                                     1924
                                                             512
                                                                          16
## 3
                    Adrian College
                                         Yes 1428
                                                     1097
                                                             336
                                                                          22
                                                                                    50
               Agnes Scott College
                                                              137
                                                                          60
                                                                                    89
## 4
                                         Yes
                                              417
                                                      349
```

```
Alaska Pacific University
                                         Yes 193
                                                       146
                                                                55
                                                                                      44
                 Albertson College
## 6
                                               587
                                                       479
                                                               158
                                                                           38
                                                                                      62
                                         Yes
     F. Undergrad P. Undergrad Outstate Room. Board Books Personal PhD Terminal
             2885
## 1
                           537
                                    7440
                                                3300
                                                        450
                                                                 2200
                                                                       70
## 2
             2683
                          1227
                                   12280
                                                6450
                                                        750
                                                                 1500
                                                                       29
                                                                                  30
## 3
             1036
                            99
                                   11250
                                                3750
                                                        400
                                                                 1165
                                                                       53
                                                                                  66
## 4
                            63
                                                5450
                                                                                  97
              510
                                   12960
                                                        450
                                                                  875
                                                                       92
                           869
## 5
              249
                                    7560
                                                4120
                                                        800
                                                                 1500
                                                                       76
                                                                                 72
## 6
              678
                            41
                                   13500
                                                3335
                                                        500
                                                                  675
                                                                       67
                                                                                 73
     S.F.Ratio perc.alumni Expend Grad.Rate
## 1
          18.1
                          12
                                7041
           12.2
                              10527
## 2
                          16
                                             56
## 3
                               8735
           12.9
                          30
                                             54
## 4
                          37
                              19016
                                             59
           7.7
## 5
          11.9
                           2
                              10922
                                             15
## 6
            9.4
                          11
                               9727
                                             55
```

college = college[,-1]

summary(college)

```
Accept
                                                           Enroll
##
     Private
                            Apps
##
   Length:777
                       Min. :
                                  81
                                       Min. :
                                                  72
                                                       Min.
                                                              : 35
                                                       1st Qu.: 242
                       1st Qu.: 776
                                       1st Qu.: 604
##
   Class : character
   Mode :character
                       Median: 1558
                                       Median: 1110
                                                       Median: 434
##
                       Mean : 3002
                                             : 2019
                                                              : 780
                                       Mean
                                                       Mean
##
                       3rd Qu.: 3624
                                       3rd Qu.: 2424
                                                       3rd Qu.: 902
                              :48094
##
                       Max.
                                       Max.
                                              :26330
                                                       Max.
                                                               :6392
##
      Top10perc
                      Top25perc
                                     F.Undergrad
                                                     P.Undergrad
   Min. : 1.00
                    Min. : 9.0
                                    Min.
                                          : 139
                                                    Min.
                                                           :
                                                                1.0
                                                               95.0
##
    1st Qu.:15.00
                    1st Qu.: 41.0
                                    1st Qu.: 992
                                                    1st Qu.:
##
   Median :23.00
                    Median: 54.0
                                    Median: 1707
                                                    Median :
                                                              353.0
                                                           : 855.3
##
   Mean
          :27.56
                    Mean : 55.8
                                    Mean : 3700
                                                    Mean
##
    3rd Qu.:35.00
                    3rd Qu.: 69.0
                                    3rd Qu.: 4005
                                                    3rd Qu.: 967.0
                                                    Max.
##
   Max.
           :96.00
                    Max.
                           :100.0
                                    Max.
                                           :31643
                                                           :21836.0
##
       Outstate
                      Room.Board
                                       Books
                                                       Personal
##
          : 2340
                                                           : 250
   Min.
                    Min.
                           :1780
                                   Min.
                                          : 96.0
                                                    Min.
   1st Qu.: 7320
                    1st Qu.:3597
                                   1st Qu.: 470.0
                                                    1st Qu.: 850
##
   Median: 9990
                    Median:4200
                                   Median : 500.0
                                                    Median:1200
##
   Mean :10441
                    Mean
                           :4358
                                   Mean
                                         : 549.4
                                                    Mean
                                                           :1341
##
   3rd Qu.:12925
                    3rd Qu.:5050
                                   3rd Qu.: 600.0
                                                    3rd Qu.:1700
##
   Max.
          :21700
                    Max.
                           :8124
                                   Max.
                                          :2340.0
                                                    Max.
                                                           :6800
##
         PhD
                        Terminal
                                       S.F.Ratio
                                                      perc.alumni
##
          : 8.00
                           : 24.0
                                     Min.
                                            : 2.50
                                                     Min.
                                                           : 0.00
   Min.
                     Min.
##
    1st Qu.: 62.00
                     1st Qu.: 71.0
                                     1st Qu.:11.50
                                                     1st Qu.:13.00
##
   Median : 75.00
                     Median: 82.0
                                     Median :13.60
                                                     Median :21.00
##
   Mean : 72.66
                     Mean : 79.7
                                     Mean
                                            :14.09
                                                     Mean
                                                           :22.74
   3rd Qu.: 85.00
                     3rd Qu.: 92.0
                                     3rd Qu.:16.50
##
                                                     3rd Qu.:31.00
##
   Max.
          :103.00
                     Max.
                           :100.0
                                     Max.
                                            :39.80
                                                     Max.
                                                            :64.00
##
       Expend
                      Grad.Rate
##
   Min. : 3186
                    Min.
                           : 10.00
##
   1st Qu.: 6751
                    1st Qu.: 53.00
   Median: 8377
                    Median: 65.00
   Mean : 9660
##
                    Mean : 65.46
```

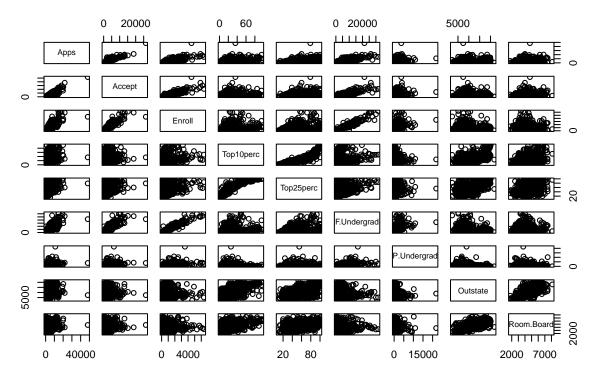
```
## 3rd Qu.:10830 3rd Qu.: 78.00
## Max. :56233 Max. :118.00
```

### head(college)

```
Private Apps Accept Enroll Top1Operc Top25perc F.Undergrad P.Undergrad
         Yes 1660
                    1232
                            721
                                        23
                                                  52
## 1
                                                            2885
## 2
         Yes 2186
                                                                         1227
                    1924
                            512
                                        16
                                                  29
                                                            2683
## 3
         Yes 1428
                    1097
                            336
                                        22
                                                  50
                                                            1036
                                                                          99
## 4
                            137
                                        60
                                                  89
                                                                          63
         Yes 417
                     349
                                                             510
## 5
         Yes 193
                             55
                                        16
                                                             249
                                                                          869
                     146
                                                  44
## 6
         Yes 587
                     479
                            158
                                        38
                                                             678
                                                  62
                                                                          41
##
     Outstate Room.Board Books Personal PhD Terminal S.F.Ratio perc.alumni Expend
         7440
                    3300
                           450
                                    2200 70
                                                   78
                                                           18.1
                                                                               7041
## 2
        12280
                    6450
                           750
                                   1500 29
                                                   30
                                                           12.2
                                                                         16 10527
## 3
        11250
                    3750
                           400
                                    1165 53
                                                   66
                                                           12.9
                                                                         30
                                                                              8735
## 4
        12960
                    5450
                           450
                                    875 92
                                                   97
                                                            7.7
                                                                         37
                                                                             19016
## 5
        7560
                    4120
                           800
                                   1500 76
                                                   72
                                                           11.9
                                                                         2 10922
## 6
                    3335
                                                   73
                                                            9.4
                                                                              9727
        13500
                           500
                                    675 67
                                                                         11
##
   Grad.Rate
## 1
            60
## 2
            56
## 3
            54
## 4
            59
## 5
            15
## 6
            55
```

```
# matrix scatterplot
par(mfrow = c(4, 5), mar = c(4, 4, 2, 1))
pairs(college[, 2:10], main = "Scatterplot")
```

# **Scatterplot**



```
# side by side plot
par(mfrow = c(4, 5), mar = c(4, 4, 2, 1))

boxplot(Outstate ~ Private, data = college, main = "Boxplots of Outstate v Private", xlab = "Private", ;

# Add Elite
Elite = rep("No", nrow(college))
Elite[college$Top10perc>50]="Yes"
Elite = as.factor(Elite)
college = data.frame(college, Elite)
```

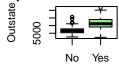
```
##
     Private
                           Apps
                                         Accept
                                                         Enroll
##
   Length:777
                      Min.
                                 81
                                      Min. :
                                                72
                                                     Min. : 35
                            :
   Class :character
                      1st Qu.: 776
                                      1st Qu.: 604
                                                     1st Qu.: 242
##
##
   Mode :character
                      Median: 1558
                                      Median: 1110
                                                     Median: 434
                      Mean : 3002
                                      Mean : 2019
                                                            : 780
##
                                                     Mean
##
                      3rd Qu.: 3624
                                      3rd Qu.: 2424
                                                     3rd Qu.: 902
                                                            :6392
##
                      Max.
                            :48094
                                      Max.
                                            :26330
                                                     Max.
                     Top25perc
##
     Top10perc
                                   F.Undergrad
                                                   P.Undergrad
   Min. : 1.00
                   Min. : 9.0
##
                                   Min. : 139
                                                  Min. :
                                                              1.0
                   1st Qu.: 41.0
##
   1st Qu.:15.00
                                   1st Qu.: 992
                                                  1st Qu.:
                                                             95.0
   Median :23.00
                   Median: 54.0
                                   Median: 1707
                                                            353.0
##
                                                  Median :
##
   Mean :27.56
                   Mean : 55.8
                                   Mean : 3700
                                                  Mean :
                                                            855.3
   3rd Qu.:35.00
                   3rd Qu.: 69.0
                                   3rd Qu.: 4005
                                                  3rd Qu.: 967.0
##
```

summary(college)

```
Max. :96.00
                  Max. :100.0
                                  Max. :31643
                                                 Max. :21836.0
##
      Outstate
                    Room.Board
                                    Books
                                                   Personal
   Min. : 2340
                  Min. :1780
                                                 Min. : 250
                                Min. : 96.0
   1st Qu.: 7320
                  1st Qu.:3597
                                1st Qu.: 470.0
                                                 1st Qu.: 850
   Median: 9990
                  Median:4200
                                Median : 500.0
                                                 Median:1200
##
   Mean :10441
                  Mean :4358
                                Mean : 549.4
                                                 Mean :1341
   3rd Qu.:12925
                  3rd Qu.:5050
                                 3rd Qu.: 600.0
                                                 3rd Qu.:1700
   Max. :21700
                  Max. :8124
                                Max. :2340.0
                                                 Max. :6800
##
                                                   perc.alumni
##
        PhD
                      Terminal
                                    S.F.Ratio
                   Min. : 24.0
##
                                  Min. : 2.50
                                                 Min. : 0.00
   Min. : 8.00
   1st Qu.: 62.00
                   1st Qu.: 71.0
                                  1st Qu.:11.50
                                                 1st Qu.:13.00
  Median : 75.00
                   Median: 82.0
##
                                  Median :13.60
                                                  Median :21.00
                   Mean : 79.7
   Mean : 72.66
                                  Mean :14.09
##
                                                 Mean :22.74
                                   3rd Qu.:16.50
##
   3rd Qu.: 85.00
                   3rd Qu.: 92.0
                                                  3rd Qu.:31.00
##
   Max. :103.00
                   Max. :100.0
                                  Max.
                                        :39.80
                                                 Max. :64.00
##
       Expend
                    Grad.Rate
                                   Elite
##
   Min. : 3186
                  Min. : 10.00
                                   No :699
   1st Qu.: 6751
                  1st Qu.: 53.00
                                   Yes: 78
  Median : 8377
                  Median : 65.00
## Mean : 9660
                  Mean : 65.46
##
   3rd Qu.:10830
                  3rd Qu.: 78.00
## Max. :56233
                  Max. :118.00
```

## # side by side plots par(mfrow = c(4, 5), mar = c(4, 4, 2, 1))

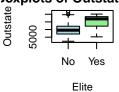
## explots of Outstate v



Private

```
boxplot(Outstate ~ Elite, data = college, main = "Boxplots of Outstate v Elite", xlab = "Elite", ylab =
# histograms
par(mfrow = c(4, 5), mar = c(4, 4, 2, 1))
```

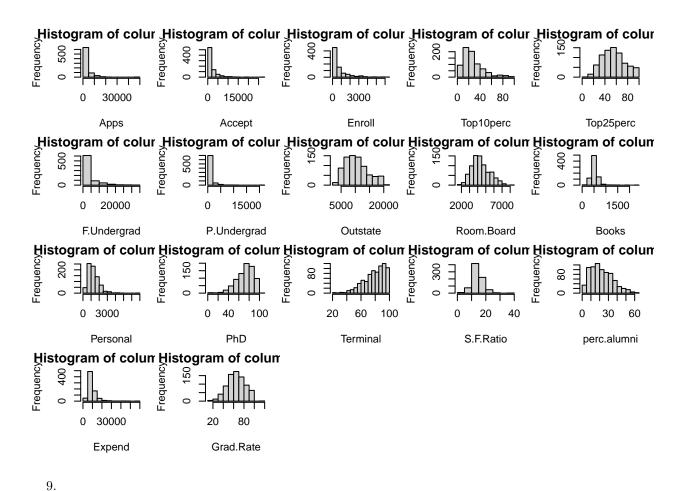
## **3oxplots of Outstate**



```
numeric_cols <- which(sapply(college, is.numeric))
print(numeric_cols)</pre>
```

```
##
          Apps
                     Accept
                                 Enroll
                                           Top10perc
                                                       Top25perc F.Undergrad
##
             2
                                       4
                                                                            7
                          3
                                                   5
## P.Undergrad
                   Outstate Room.Board
                                               Books
                                                        Personal
                                                                          PhD
##
                                                               12
                                                                           13
                                                  11
##
      Terminal
                 S.F.Ratio perc.alumni
                                              Expend
                                                       Grad.Rate
##
            14
                         15
                                                  17
                                                               18
```

```
for (col in numeric_cols) {
  hist(college[, col], main = paste("Histogram of column ", col), xlab = names(college)[col])
}
```



auto <- read.csv("C:/Users/chuan\_71/OneDrive/Desktop/TRADING/ISL/Auto.csv")
head(auto)</pre>

```
mpg cylinders displacement horsepower weight acceleration year origin
##
                                                  3504
## 1
                                           130
                                                                12.0
                                                                        70
      18
                   8
                               307
                               350
                                                  3693
                                                                        70
##
      15
                   8
                                           165
                                                                11.5
                                                                                 1
   3
                   8
                               318
                                           150
                                                  3436
                                                                11.0
                                                                        70
                                                                                 1
##
      18
##
      16
                   8
                               304
                                           150
                                                  3433
                                                                12.0
                                                                        70
                                                                                 1
## 5
      17
                   8
                               302
                                           140
                                                  3449
                                                                10.5
                                                                        70
                                                                                 1
##
  6
      15
                   8
                               429
                                           198
                                                  4341
                                                                10.0
                                                                        70
                                                                                 1
##
## 1 chevrolet chevelle malibu
## 2
              buick skylark 320
## 3
             plymouth satellite
## 4
                   amc rebel sst
## 5
                     ford torino
               ford galaxie 500
## 6
```

```
# remove nan
auto <- na.omit(auto)
head(auto)</pre>
```

```
mpg cylinders displacement horsepower weight acceleration year origin
## 1 18
                  8
                              307
                                          130
                                                 3504
                                                               12.0
                                                                       70
## 2 15
                  8
                              350
                                          165
                                                 3693
                                                               11.5
                                                                       70
                                                                                1
## 3 18
                  8
                              318
                                          150
                                                 3436
                                                               11.0
                                                                       70
                                                                                1
## 4 16
                  8
                              304
                                          150
                                                 3433
                                                               12.0
                                                                       70
                                                                                1
## 5 17
                  8
                              302
                                          140
                                                 3449
                                                               10.5
                                                                       70
                                                                                1
## 6 15
                  8
                              429
                                          198
                                                 4341
                                                               10.0
##
                            name
## 1 chevrolet chevelle malibu
## 2
             buick skylark 320
## 3
            plymouth satellite
## 4
                  amc rebel sst
## 5
                    ford torino
## 6
              ford galaxie 500
# quant vs qual predictors
quant_cols <- which(sapply(auto, is.numeric))</pre>
qual_cols <- which(!sapply(auto, is.numeric))</pre>
print(quant_cols)
##
             mpg
                    cylinders displacement
                                                    weight acceleration
                                                                                   year
##
                             2
                                                         5
##
         origin
##
               8
print(qual_cols)
## horsepower
                     name
##
                         9
# function applicator function
app <- function(col_name, func){</pre>
  # init matrix
  results <- matrix(nrow = length(col_name), ncol = 3)
  rownames(results) <- col_name</pre>
  colnames(results) <- c("Mean", "Sd", "Range")</pre>
  # Loop
  for(i in seq_along(col_name)){
    col <- col_name[i]</pre>
    col_data <- auto[[col]]</pre>
    x <- mean(col_data)</pre>
    y <- sd(col_data)
    z <- paste(range(col_data), collapse = ", ")</pre>
    results[i, "Mean"] <- x</pre>
    results[i, "Sd"] <- y</pre>
    results[i, "Range"] <- z</pre>
  }
```

```
# return result
  return(results)
# mean, sd, range
app(quant_cols)
##
     Mean
                        Sd
                                             Range
## 1 "23.5158690176322" "7.82580392894656" "9, 46.6"
## 2 "5.45843828715365" "1.70157698079185"
                                            "3, 8"
## 3 "193.53274559194" "104.37958329993"
                                             "68, 455"
## 5 "2970.26196473552" "847.904119489725" "1613, 5140"
## 6 "15.5556675062972" "2.74999529297615" "8, 24.8"
## 7 "75.9949622166247" "3.69000490146168" "70, 82"
## 8 "1.57430730478589" "0.802549495797039" "1, 3"
# remove 10th and 85th
auto \leftarrow auto [-c(10, 85), ]
new_quant_cols <- which(sapply(auto, is.numeric))</pre>
new_qual_cols <- which(!sapply(auto, is.numeric))</pre>
# range, mean, std
app(new_quant_cols)
##
     Mean
                        Sd
                                             Range
## 1 "23.5286075949367" "7.83192521828543"
                                            "9, 46.6"
## 2 "5.45569620253165" "1.69948834009909" "3, 8"
## 3 "193.279746835443" "104.061131705913" "68, 455"
## 5 "2970.23797468354" "847.764300207639" "1613, 5140"
## 6 "15.5711392405063" "2.73349731700723" "8, 24.8"
## 7 "76.020253164557" "3.68142475960302" "70, 82"
## 8 "1.57215189873418" "0.800846111706057" "1, 3"
```

10.