

# Lecture 5: Functions and Basic Classification Methods.

STAT GR5206 *Statistical Computing & Introduction to Data Science*

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June 6, 2017

# Course Notes

- Midterm this Thursday (06/08/2017).
- In-class live R coding.
- I will post a R markdown file on Canvas similar to homework assignments. Students will knit a pdf (or html) by the 6:05pm.
- Open notes, open book, Google is also allowed,...
- No communication with any other people except Gabriel Young.

## Last Time

- **Character Data in R.** Commands like `nchar()`, `paste()`, `strsplit()`, `substr()`, `grep()`.
- **Regular Expressions.** A grammar (lots of rules) to works with patterns of characters.
- **Web Scraping.** Data from the internet.

# Functions

# Functions in R

## Why Functions?

- Data structures tie related values into one object.
- Functions tie related commands into one object.
- Both cases: easier to understand, work with, and to build into larger structures.

# Functions in R

## Basic Structure

```
function_name <- function(arg1, arg2, ... ) {  
  statements  
  return(object) ★ make sure you almost always have a return  
}
```

# Functions in R

## Basic Structure

```
function_name <- function(arg1, arg2, ... ) {  
    statements  
    return(object)  
}
```

- A **function** is a group of instructions that takes inputs, uses them to compute other values, and returns a result.
- We can write and add our own functions in R.
- Functions:
  1. Have names.
  2. *Usually* take in arguments. (*Don't have to*)
  3. Include body of code that does something.
  4. *Usually* return an object at the end.

# Example Function

## A Function to Check for Significance at $\alpha = 0.05$

```
> # Input x should be a single p-value in [0,1]
> significant <- function(x) {
+   if (x <= 0.05) { return(TRUE) }
+   else { return(FALSE) }
+ }
```

# Example Function

## A Function to Check for Significance at $\alpha = 0.05$

```
> # Input x should be a single p-value in [0,1]
> significant <- function(x) {
+   if (x <= 0.05) { return(TRUE) }
+   else { return(FALSE) }
+ }
```

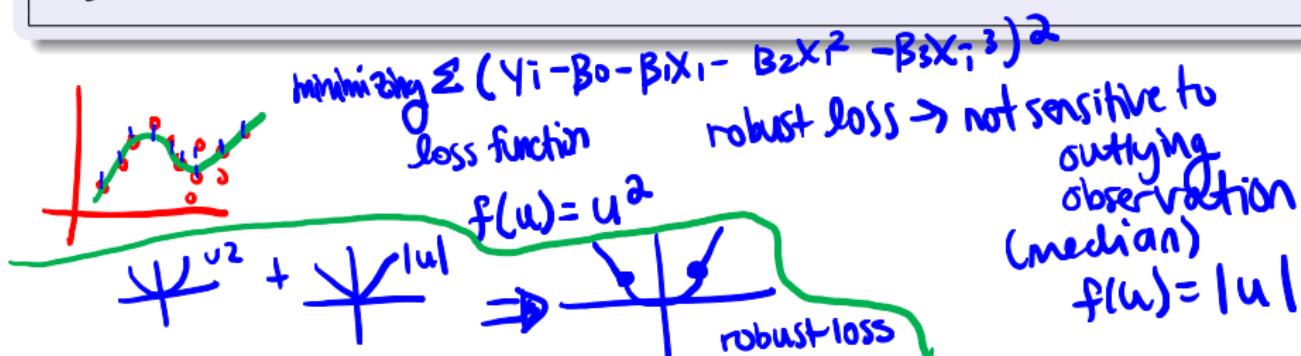
3 return used 2x b/c  
of conditional

- First, tell R to define a function named `significant`. *assigning name*
- Brackets { and } mark the start and close of the body.
- R tells you you're in the body of the function by using + as a prompt (instead of >).
- At the end, use the `return()` command.

# Example Function

## A 'Robust' Loss Function (for Outlier-Resistant Regression)

```
> # Inputs: A vector of numbers (x)
> # Outputs: A loss vector with x^2 for small elements,
> #           and 2|x|-1 for large ones
>
> res_loss <- function(x) {
+   loss_vec <- ifelse(x^2 > 1, 2*abs(x) - 1, x^2)
+   return(loss_vec)
+ }
```



# Example Function

## A 'Robust' Loss Function (for Outlier-Resistant Regression)

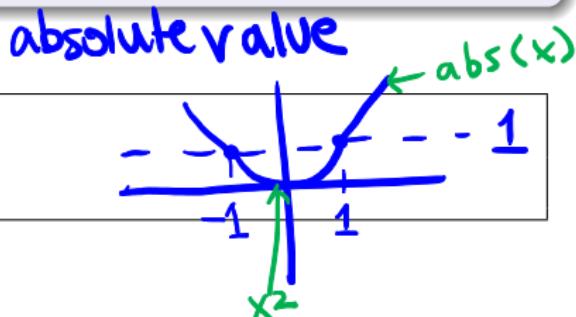
```
> # Inputs: A vector of numbers (x)
> # Outputs: A loss vector with  $x^2$  for small elements,
> #           and  $2|x|-1$  for large ones
>
> res_loss <- function(x) {
+   loss_vec <- ifelse(x^2 > 1, 2*abs(x) - 1, x^2)
+   return(loss_vec)
+ }
```

↑  
threshold where it converts to

Let's try it:

```
> vec <- c(-0.5, 0.9, -3, 4)
> res_loss(vec)
```

[1] 0.25 0.81 5.00 7.00



# Example Function

## A 'Robust' Loss Function (for Outlier-Resistant Regression)

```
> res_loss <- function(x) {  
+   loss_vec <- ifelse(x^2 > 1, 2*abs(x) - 1, x^2)  
+   return(loss_vec)  
+ }
```

### Break apart the function

What are the...

- Inputs?
- Outputs?
- Body Statements?

# Example Function

## A 'Robust' Loss Function (for Outlier-Resistant Regression)

```
> res_loss <- function(x) {  
+   loss_vec <- ifelse(x^2 > 1, 2*abs(x) - 1, x^2)  
+   return(loss_vec)  
+ }
```

Break apart the function

What are the...

- Inputs? x
- Outputs? loss\_vec
- Body Statements?

loss\_vec <- ifelse(x^2 > 1, 2\*abs(x) - 1, x^2)  
return(loss\_vec)

↗ Body

↗ return

# When Should We Make a Function?

*generalized functions*

- Things you will rerun.
- Chunks of code that are small parts of bigger analyses.

# Check Yourself

## Task

Write a function called `FiveTimesSum` that takes as input a vector of numerical values and returns 5 times the sum of those values. Test it on the vector `1:3`. Your output should be 30.

# Check Yourself

## Task

Write a function called `FiveTimesSum` that takes as input a vector of numerical values and returns 5 times the sum of those values. Test it on the vector `1:3`. Your output should be 30.

## Solution

```
> FiveTimesSum <- function(vec){  
+   return(5*sum(vec))  
+ }  
> FiveTimesSum(1:3)
```

$1:3 = c(1, 2, 3)$

```
[1] 30
```

# Named and Default Arguments

## A 'Robust' Loss Function (for Outlier-Resistant Regression)

```
> # Inputs: A vector of numbers (x),  
> #           crossover location (c > 0)  
> # Outputs: A loss vector with x^2 for small elements,  
> #           and 2c|x|-c for large ones  
>  
+ default value for c if p>c is a scalar  
> res_loss2 <- function(x, c = 1) {  
+   loss_vec <- ifelse(x^2 > c, 2*c*abs(x) - c, x^2)  
+   return(loss_vec)  
+ }
```

if we want to  
generalize  
the function

we can add  
another  
argument  
c.

you don't have to enter a value for c.

# Named and Default Arguments

## A 'Robust' Loss Function (for Outlier-Resistant Regression)

```
> # Inputs: A vector of numbers (x),  
> #           crossover location (c > 0)  
> # Outputs: A loss vector with x^2 for small elements,  
> #           and 2c|x|-c for large ones  
>  
> res_loss2 <- function(x, c = 1) {  
+   loss_vec <- ifelse(x^2 > c, 2*c*abs(x) - c, x^2)  
+   return(loss_vec)  
+ }
```

Let's try it:

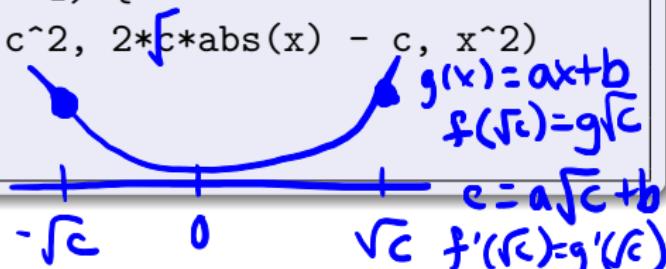
```
> identical(res_loss(vec), res_loss2(vec, c=1))
```

[1] TRUE

# Named and Default Arguments

## A 'Robust' Loss Function (for Outlier-Resistant Regression)

```
> # Inputs: A vector of numbers (x),  
> #           crossover location (c > 0)  
> # Outputs: A loss vector with x^2 for small elements,  
> #           and 2c|x|-c for large ones  
>  
> res_loss2 <- function(x, c = 1) {  
+   loss_vec <- ifelse(x^2 > c^2, 2*c*abs(x) - c, x^2)  
+   return(loss_vec)  
+ }
```



Let's try it:

```
> identical(res_loss(vec), res_loss2(vec, c=2))
```

[1] FALSE

# Named and Default Arguments

Default values get used if names are missing:

```
> identical(res_loss2(vec, c=1), res_loss2(vec))
```

```
[1] TRUE
```

# Named and Default Arguments

Default values get used if names are missing:

```
> identical(res_loss2(vec, c=1), res_loss2(vec))
```

```
[1] TRUE
```

Named argument can go in any order when they are explicitly tagged:

```
> identical(res_loss2(x=vec, c=2), res_loss2(c=2, x=vec))
```

```
[1] TRUE
```

# Checking Arguments

Funny things can happen when arguments aren't as we expect:

```
> vec <- c(-0.5, 0.9, -3, 4)
> res_loss2(vec, c = c(1,1,1,5))
```

```
[1] 0.25 0.81 5.00 16.00
```

# Checking Arguments

Funny things can happen when arguments aren't as we expect:

```
> vec <- c(-0.5, 0.9, -3, 4)  
> res_loss2(vec, c = c(1,1,1,5))
```

```
[1] 0.25 0.81 5.00 16.00
```

```
> res_loss2(vec, c = -1)
```

```
[1] 0.25 0.81 -5.00 -7.00
```

issue.  
we want to  
generalize  
c to  
be a  
scalar

# Checking Arguments

Solution: Add some checks to your function.

## A 'Robust' Loss Function (for Outlier-Resistant Regression)

```
> res_loss2 <- function(x, c = 1) {  
+   # Scale should be a single positive number  
+   stopifnot(length(c) == 1, c > 0) → forcing c to be a scalar  
+   loss_vec <- ifelse(x^2 > c^2, 2*c*abs(x) - c, x^2)  
+   return(loss_vec)  
+ }
```

# Checking Arguments

Solution: Add some checks to your function.

## A 'Robust' Loss Function (for Outlier-Resistant Regression)

```
> res_loss2 <- function(x, c = 1) {  
+   # Scale should be a single positive number  
+   stopifnot(length(c) == 1, c > 0)  
+   loss_vec <- ifelse(x^2 > c^2, 2*c*abs(x) - c, x^2)  
+   return(loss_vec)  
+ }
```

### stopifnot()

- Arguments are a series of expressions which should all be TRUE.
- Execution stops with error at first FALSE.

it will tell you which arg  
is not satisfied.

# Checking Arguments

Solution: Add some checks to your function.

## A 'Robust' Loss Function (for Outlier-Resistant Regression)

```
> res_loss2 <- function(x, c = 1) {  
+   # Scale should be a single positive number  
+   stopifnot(length(c) == 1, c > 0)  
+   loss_vec <- ifelse(x^2 > c^2, 2*c*abs(x) - c, x^2)  
+   return(loss_vec)  
+ }
```

Test it:

```
> # res_loss2(vec, c = c(1,1,1,5))  
> # res_loss2(vec, c = -1)
```

# Check Yourself

## Task

Write a function called KTimesSum that takes as input a vector of numerical values and a scalar value  $K$  (with a default value of 5). The function should return the sum of those values multiplied times the value  $K$ . Test it with the following: `KTimesSum(1:3)` and `KTimesSum(1:3, K = 10)`.

`KTimesSum(vec, K=5)`  
`return (K * sum(vec))` ✓

# Check Yourself

## Task

Write a function called `KTimesSum` that takes as input a vector of numerical values and a scalar value  $K$  (with a default value of 5). The function should return the sum of those values multiplied times the value  $K$ . Test it with the following: `KTimesSum(1:3)` and `KTimesSum(1:3, K = 10)`.

## Solution

```
> KTimesSum <- function(vec, K = 5){  
+   return(K*sum(vec))  
+ }  
> KTimesSum(1:3); KTimesSum(1:3, K = 10)
```

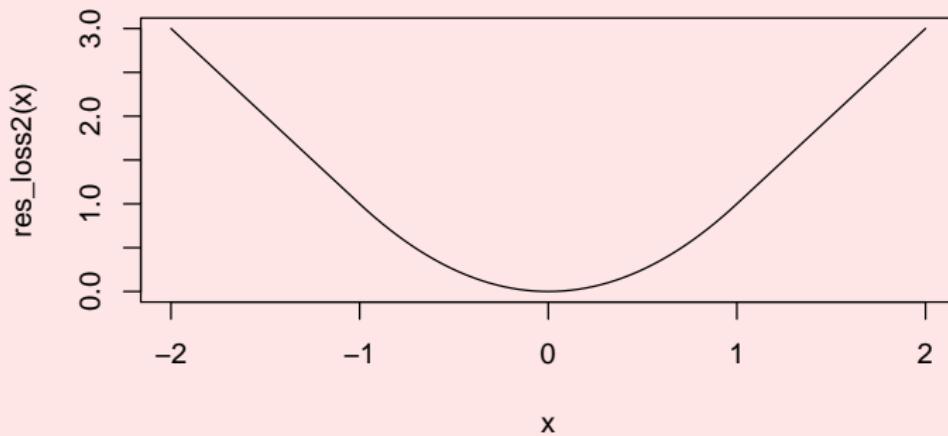
[1] 30

[1] 60

# Use Your Functions in Other Functions

- Use your own function in built-in R functions like `apply()`.
- Ex: `curve(expression, from = , to = )` plots a curve.

```
> curve(res_loss2, from = -2, to = 2)
```



# The R Environment

- The **global environment** (or the workspace) in R consists of the collection of your named objects.
- When you start an R session, a new environment is initialized (unless you load a saved environment).
- When a function is called, a new **local environment** is created within the body of the function.

# The R Environment

Code Example.

# The Function Environment

- Each function has its own (internal) **environment**.
- Names in the function environment override names from the **global environment**.
- Assignments in the internal environment don't change the global environment.
- Functions search for named variables (undefined in the function itself) in the environment in which the function was created (in our case, the global environment).

# The Function Environment

```
> x <- 7  
> y <- c("dog", "cat")  
> addition <- function(y) {x <- x + y; return(x)}  
> addition(1)
```

```
[1] 8
```

↓  
if not defined in local  
it'll grab from  
global

x is reassigned in local  
but not global.

# The Function Environment

```
> x <- 7  
> y <- c("dog", "cat")  
> addition <- function(y) {x <- x + y; return(x)}  
> addition(1)
```

```
[1] 8
```

```
> x
```

    > not reassigned!

```
[1] 7
```

```
> y
```

```
[1] "dog" "cat"
```

loops will  
over write  
global  
if not  
in  
function.

# The Function Environment

→ already exist in global env

```
> circle.area <- function(r) {return(pi*r^2)}  
> circle.area(1:3)
```

```
[1] 3.141593 12.566371 28.274334
```

# The Function Environment

```
> circle.area <- function(r) {return(pi*r^2)}  
> circle.area(1:3)
```

```
[1] 3.141593 12.566371 28.274334
```

```
> true.pi <- pi # Save the real value  
> pi       <- 3 # Assign a new value  
> circle.area(1:3)
```

```
[1] 3 12 27
```

# The Function Environment

```
> circle.area <- function(r) {return(pi*r^2)}  
> circle.area(1:3)
```

```
[1] 3.141593 12.566371 28.274334
```

```
> true.pi <- pi # Save the real value  
> pi       <- 3 # Assign a new value  
> circle.area(1:3)
```

```
[1] 3 12 27
```

```
> pi <- true.pi # Restore the real value  
> circle.area(1:3)
```

```
[1] 3.141593 12.566371 28.274334
```

# Use Your Function Interfaces

The function **interfaces** are the places where the function interacts with the global environment: at the **inputs** and the **outputs**.

# Use Your Function Interfaces

The function **interfaces** are the places where the function interacts with the global environment: at the **inputs** and the **outputs**.

- Interact with the rest of the system only at the interfaces:
  - Arguments should give your function all the information it needs
  - Reduces the risk of bugs
  - Exception would be universal constants like pi.
- Output should be only through `return()`.

if you want to assign a var in global  
env (from a local env).



# Extended Example: Fitting a Model

# The Model

We study the following idea: bigger cities tend to produce more economically per capita.

Geoffrey West et al.

A proposed statistical model for this relationship:

$$Y = \beta_0 X^{\beta_1} + \epsilon,$$

where

- $Y$ : per-capita 'gross metropolitan product' of a city,
- $X$ : is the population of the city,
- $\beta_0, \beta_1$ : parameters,
- $\epsilon$ : noise.

Regression has to  
be linear in  
parameters  
(the  $\beta$ )

✓  $Y = \beta_0 + \beta_1 X + \epsilon$

✓  $Y = \beta_0 + \beta_1 X + \beta_2 X^2 + \epsilon$

✗  $Y = \beta_0 + \beta_1 X^2 + \epsilon$

# The Data

```
> gmp <- read.table("gmp.txt", as.is = TRUE, header = TRUE)
> head(gmp)[1:3, ]
```

	city	gmp	pcgmp
1	Abilene, TX	3.8870e+09	24490
2	Akron, OH	2.2998e+10	32889
3	Albany, GA	3.9550e+09	24269

# The Data

```
> gmp <- read.table("gmp.txt", as.is = TRUE, header = TRUE)
> head(gmp)[1:3, ]
```

	city	gmp	pcgmp
1	Abilene, TX	3.8870e+09	24490
2	Akron, OH	2.2998e+10	32889
3	Albany, GA	3.9550e+09	24269

## Variables

- city
- gmp: gross metropolitan product (money the city makes)
- pcgmp: per-capita gross metropolitan product (money the city makes divided by the number of people in the city)

## The Data (cont.)

Our model uses the population, so let's create a variable for that in the dataset.

## The Data (cont.)

Our model uses the population, so let's create a variable for that in the dataset.

data  
transformation

$$\text{pcgmp} = \frac{\text{gmp}}{\text{population}} \rightarrow \text{population} = \frac{\text{gmp}}{\text{pcgmp}}.$$

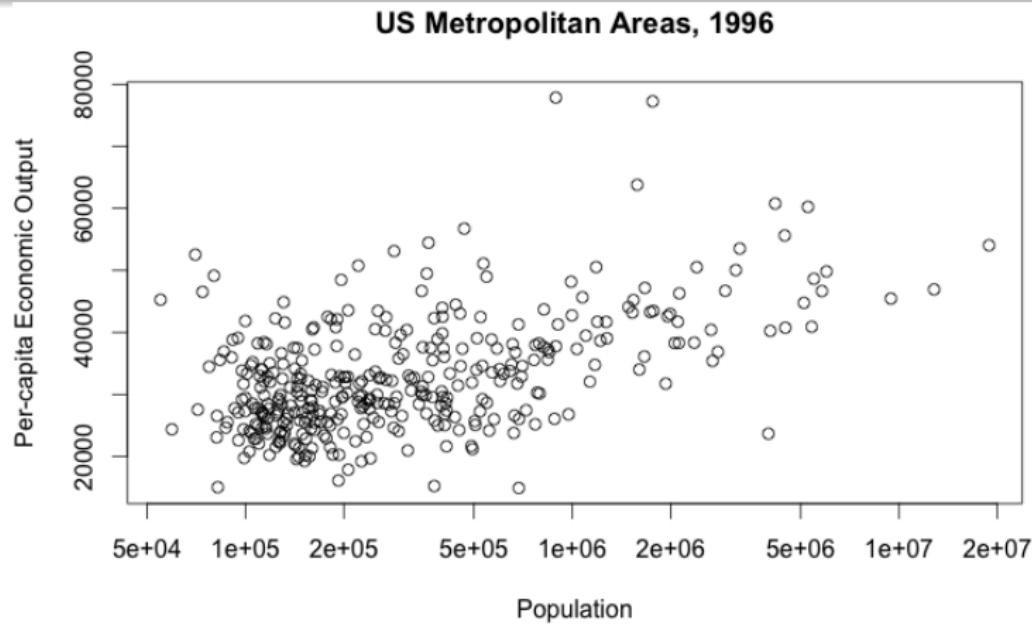
```
> gmp$pop <- gmp$gmp/gmp$pcgmp  
> head(gmp) [1:3, ]
```

	city	gmp	pcgmp	pop
1	Abilene, TX	3.8870e+09	24490	158717.8
2	Akron, OH	2.2998e+10	32889	699261.2
3	Albany, GA	3.9550e+09	24269	162965.1

# The Data (cont)

## Plotting Per-Capita GMP vs. Population

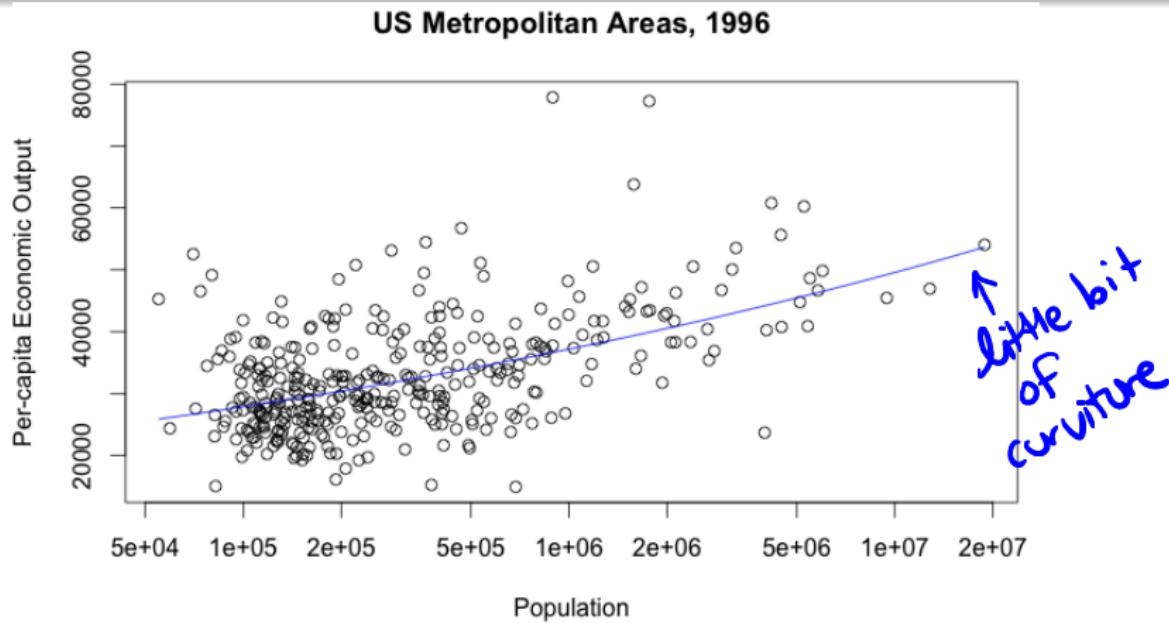
```
> plot(gmp$pop, gmp$pcgmp, log = "x", xlab = "Population",  
+       ylab = "Per-capita Economic Output")
```



# The Data (cont)

## Plotting Per-Capita GMP vs. Population

```
> # beta_0 = 6611; beta_1 = 1/8  
> curve(6611*x^{1/8}, add = TRUE, col = "blue")
```



# Fitting the Function

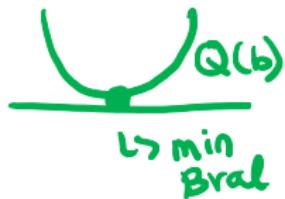
Want to fit the model:

$$Y = 6611X^{\beta_1} + \epsilon.$$

→ not observed.

We're assuming  $\beta_0 = 6611$  and trying to estimate  $\beta_1$  using the data.

$$\begin{aligned} Q(b) &= \sum_{i=1}^n f(Y_i - 6611X_i b) \\ &= \sum_{i=1}^n (Y_i - 6611X_i b)^2 \end{aligned}$$



loss       $g(u) = u^2$

# Fitting the Function

Want to fit the model:

$$Y = 6611X^{\beta_1} + \epsilon.$$

We're assuming  $\beta_0 = 6611$  and trying to estimate  $\beta_1$  using the data.

## Strategy

Minimize the sum of the squares!

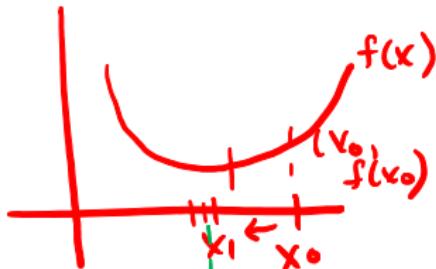
$$\min_{\beta} \sum_{i=1}^n (Y_i - 6611X_i^{\beta})^2$$

where  $n$  is the number of data points.

Note this is the **training mean square error** (times  $n$ ).

# Optimizing a Function

Want to find  $\min_x f(x)$ .



## Numerical Methods for Optimization

All numerical minimization methods perform roughly the same steps:

- Start with some point  $x_0$ .
- Find a sequence  $x_0, x_1, \dots, x_m$  such that  $f(x_m)$  is a minimum.
- At a given point  $x_n$ , compute properties of  $f$  (such as  $f'(x_n)$  and  $f''(x_n)$ ).
- Based on these values, choose the next point  $x_{n+1}$ .

actual min b\*

solution to best model

guess back to

gives best line (smallest sum of least squares)  $\sum_{i=1}^n f(y_i - b - b_1 x_i)$

# Optimizing a Function

Gradient Descent is an iterative algorithm to find a (local) minimum of a function.

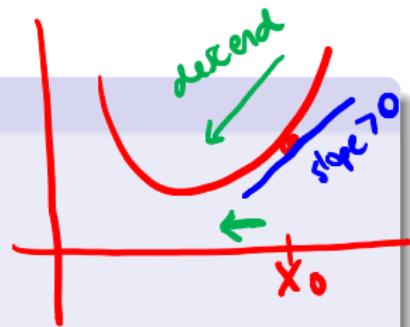
## Gradient Descent

Procedure:

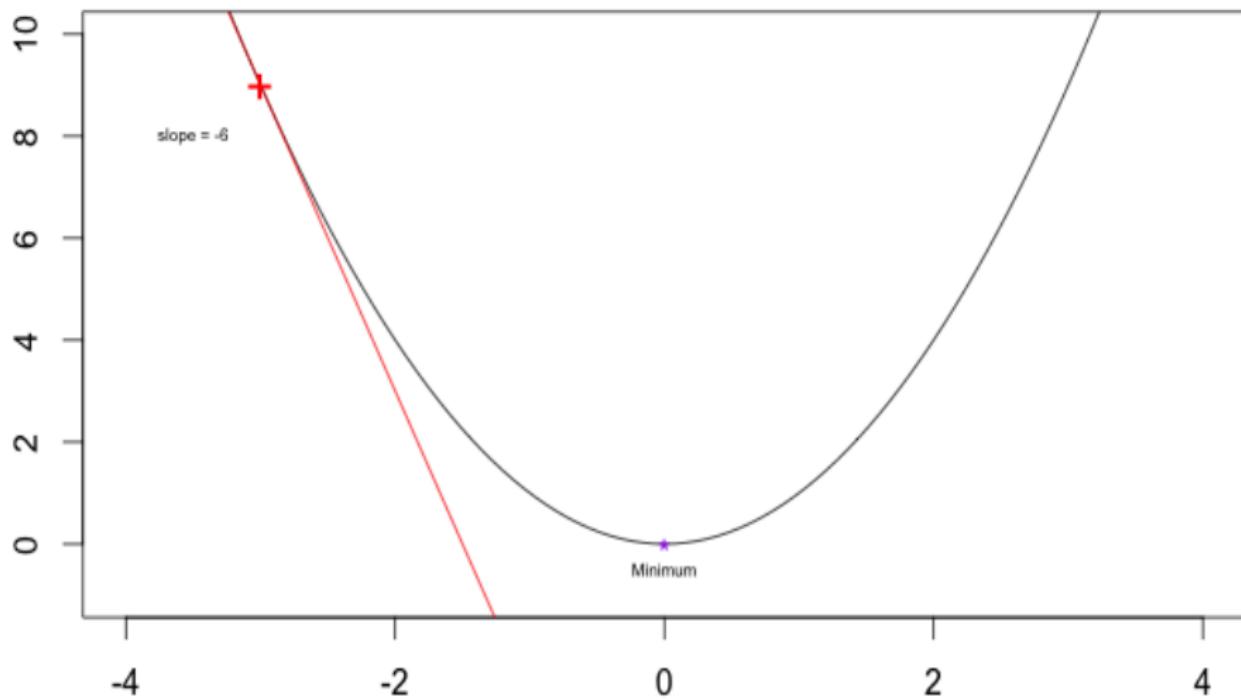
- Start at a point  $x_0$
- Calculate the derivative at the point,  $f'(x_0)$ .
- Take a step in the opposite direction of the derivative to find  $x_1$ .
- Repeat.
- Stop when the derivative is small enough or at some set number of iterations.

go in Opposite direction  
to minimize  
function!

$$\frac{-\log x}{1+x}$$



# Optimizing a Function



# Fitting Our Function

## Strategy

Minimize the sum of the squares!

$$\min_{\beta} \sum_{i=1}^n (Y_i - 6611X_i^{\beta})^2.$$

In our example,

Initial point  $\beta_0$ . Approximate the derivative w.r.t.  $\beta$  and move in the opposite direction:

$$SSE(\beta_0) = \sum_{i=1}^n (Y_i - 6611X_i^{\beta_0})^2$$

↗  $f(x)$

$$SSE'(\beta_0) \approx \frac{SSE(\beta_0 + h) - SSE(\beta_0)}{h} \quad h \text{ is small}$$
$$\beta_1 \approx \beta_0 - c * SSE'(\beta_0) \quad c \text{ scales our step size}$$

$X_{i+1} = X_i - C * f'(X_i)$

# Fitting Our Function

$$SSE(\beta_0) = \sum_{i=1}^n (Y_i - 6611X_i^{\beta_0})^2$$

$$SSE'(\beta_0) \approx \frac{SSE(\beta_0 + h) - SSE(\beta_0)}{h} \quad h \text{ is small}$$

$$\beta_1 \approx \beta_0 - c * SSE'(\beta_0) \quad c \text{ scales our step size}$$

A first attempt at code:

```
> # Parameters
> max.iter      <- 100      # How long we run the alg.
> stop.deriv    <- 1/100    # If derivative is small, stop
> derivative.step <- 1/1000   # This is h
> step.scale     <- 1e-15    # This is c
> # Initializations
> iter           <- 0        # Compare to max.iteration
> deriv          <- Inf      # Compare to stop.deriv
> beta           <- 0.15
```

## A first attempt at code:

```
> max.iter      <- 100      # How long we run the alg.  
> stop.deriv   <- 1/100    # If derivative is small, stop  
> deriv.step    <- 1/1000   # This is h  
> step.scale    <- 1e-15    # This is c  
> iter          <- 0        # Iteration counter  
> deriv          <- Inf  
> beta           <- 0.15  
> while((iter < max.iter) & (deriv > stop.deriv)) {  
+   iter  <- iter + 1  
+   sse.1 <- sum((gmp$pcgmp - 6611*gmp$pop^beta)^2)  
+   sse.2 <- sum((gmp$pcgmp  
+                  - 6611*gmp$pop^(beta + deriv.step))^2)  
+   deriv <- (sse.2 - sse.1)/deriv.step  
+   beta  <- beta - step.scale*deriv  
+ }  
> list(beta = beta, iteration = iter,  
+       converged = (iter < max.iter))
```

## A first attempt at code:

```
> list(beta = beta, iteration = iter,  
+       converged = (iter < max.iter))
```

```
$beta  
[1] 0.1258166
```

```
$iteration  
[1] 100
```

```
$converged  
[1] FALSE
```

## What's Wrong With the Previous Attempt?

c is too big (stepsize)

- **Not encapsulated:** Re-run by copying and pasting. Note easy to fit into bigger project.
- **Inflexible:** To edit initializations must copy, paste, re-run
- **Error-prone:** If you change the dataset, not sure if it would still work...
- **Hard to fix:** Should stop when *absolute value* of derivative is small.

## First Fix

```
> est.scaling.exponent <- function(beta) {  
+   max.iter      <- 100      # How long we run the alg.  
+   stop.deriv    <- 1/100    # If derivative is small, stop  
+   deriv.step    <- 1/1000   # This is h  
+   step.scale    <- 1e-15    # This is c  
+   iter          <- 0  
+   deriv         <- Inf  
+   while((iter < max.iter) & (abs(deriv) > stop.deriv)) {  
+     iter        <- iter + 1  
+     sse.1 <- sum((gmp$pcgmp - 6611*gmp$pop^beta)^2)  
+     sse.2 <- sum((gmp$pcgmp  
+                     - 6611*gmp$pop^(beta + deriv.step))^2)  
+     deriv <- (sse.2 - sse.1)/deriv.step  
+     beta  <- beta - step.scale*deriv  
+   }  
+   fit <- list(beta = beta, iteration = iter,  
+                 converged = (iter < max.iter))  
+   return(fit)  
+ }
```

## Second Fix

**Problem:** Have to rerun if we want to change defined parameters.

**Solution:** Let's make them arguments (with deafult values) of the function.

## Second Fix

```
> est.scaling.exponent <- function(beta, beta_0 = 6611,
+   max.iter = 100, stop.deriv = .01, deriv.step = .001,
+   step.scale = 1e-15) {
+
+   iter  <- 0
+   deriv <- Inf
+
+   while((iter < max.iter) & (abs(deriv) > stop.deriv)) {
+     iter  <- iter + 1
+     sse.1 <- sum((gmp$pcgmp - beta_0*gmp$pop^beta)^2)
+     sse.2 <- sum((gmp$pcgmp
+                   - beta_0*gmp$pop^(beta + deriv.step))^2)
+     deriv <- (sse.2 - sse.1)/deriv.step
+     beta  <- beta - step.scale*deriv
+   }
+   fit <- list(beta = beta, iteration = iter,
+               converged = (iter < max.iter))
+   return(fit)
+ }
```

## Third Fix

**Problem:** Don't need to write out the SSE calculations twice in the body of the function.

**Solution:** Write a SSE() function.

## Third Fix

```
> est.scaling.exponent <- function(beta, beta_0 = 6611,
+   max.iter = 100, stop.deriv = .01, deriv.step = .001,
+   step.scale = 1e-15) {
+
+   iter <- 0
+   deriv <- Inf
+
+   sse <- function(b) {sum((gmp$pcgmp - beta_0*gmp$pop^b)^2)}
+
+   while((iter < max.iter) & (abs(deriv) > stop.deriv)) {
+     iter <- iter + 1
+     deriv <- (sse(beta + deriv.step) - sse(beta))/deriv.step
+     beta <- beta - step.scale*deriv
+   }
+   fit <- list(beta = beta, iteration = iter,
+               converged = (iter < max.iter))
+   return(fit)
+ }
```

`sse()` is declared inside the function so it's not added to the global environment.

## Fourth Fix

**Problem:** Locked into using specific columns of gmp: if we want to use a different data set, have to rewrite the function.

**Solution:** Make them arguments.

## Fourth Fix

```
> est.scaling.exponent <- function(beta, beta_0 = 6611,
+   response = gmp$pcgmp, predictor = gmp$pop,
+   max.iter = 100, stop.deriv = .01, deriv.step = .001,
+   step.scale =1e-15) {
+
+   iter  <- 0
+   deriv <- Inf
+
+   sse <- function(b) {sum((response - beta_0*predictor^b)^2)}
+
+   while((iter < max.iter) & (abs(deriv) > stop.deriv)){
+     iter  <- iter + 1
+     deriv <- (sse(beta + deriv.step) - sse(beta))/deriv.step
+     beta  <- beta - step.scale*deriv
+   }
+   fit <- list(beta = beta, iteration = iter,
+               converged = (iter < max.iter))
+   return(fit)
+ }
```

## Fifth Fix

**Problem:** Want to make it easy for humans to read.

**Solution:** Change the while loop to for loop with a break() command.

## Fifth Fix

```
> est.scaling.exponent <- function(beta, beta_0 = 6611,
+   response = gmp$pcgmp, predictor = gmp$pop,
+   max.iter = 100, stop.deriv = .01, deriv.step = .001,
+   step.scale =1e-15) {
+
+   iter <- 0
+   deriv <- Inf
+
+   sse <- function(b) {sum((response - beta_0*predictor^b)^2)}
+
+   for (i in 1:max.iter) {
+     iter <- iter + 1
+     deriv <- (sse(beta + deriv.step) - sse(beta))/deriv.step
+     beta <- beta - step.scale*deriv
+     if (abs(deriv) < stop.deriv) {break()}
+   }
+   fit <- list(beta = beta, iteration = iter,
+               converged = (iter < max.iter))
+   return(fit)
+ }
```

# Summary

Final code is shorter, more flexible, easier to understand, and more re-usable!

- *Exercise:* Run the code with the default values to get an estimate of  $\beta$ . Plot the curve with the data points to check out the fit.
- *Exercise:* Randomly remove one data point – how much does the estimate change?
- *Exercise:* Run the code from different starting points – how much does the estimate change?

# Assessing Model Accuracy

# Selecting a Model

Let's recall the grocery store example from Lecture 2 on multiple linear regression. How do we know if the model we selected is a good fit?

# Selecting a Model

Let's recall the grocery store example from Lecture 2 on multiple linear regression. How do we know if the model we selected is a good fit?

## Example

A large national grocery retailer tracks productivity and costs of its facilities closely. Consider a data set obtained from a single distribution center for a one-year period. Each data point for each variable represents one week of activity. The variables included are number of cases shipped in thousands ( $X_1$ ), the indirect costs of labor as a percentage of total costs ( $X_2$ ), a qualitative predictor called holiday that is coded 1 if the week has a holiday and 0 otherwise ( $X_3$ ), and total labor hours ( $Y$ ).

# The Model

## Example

```
> Grocery <- read.table("Kutner_6_9.txt", header=T)
> lm0      <- lm(Y ~ X1 + X2 + X3, data = Grocery)
> lm0
```

Call:

```
lm(formula = Y ~ X1 + X2 + X3, data = Grocery)
```

Coefficients:

(Intercept)	X1	X2	X3
4149.8872	0.7871	-13.1660	623.5545

$$\widehat{\text{LaborHours}} = 4149.89 + 0.79 \times \text{NumCases} \\ - 13.17 \times \text{IndirectCosts} + 623.55 \times \text{Holiday}$$

# Selecting a Model

## Some Questions

- The coefficient for number of cases was nearly 0, should this be included as a predictor in the model?
- Suppose we have additional information like weather data, should it be included in the model?
- Is linear regression the best predictive model to use with this data?

# Selecting a Model

## Some Questions

- The coefficient for number of cases was nearly 0, should this be included as a predictor in the model?
- Suppose we have additional information like weather data, should it be included in the model?
- Is linear regression the best predictive model to use with this data?

Often we must compare multiple models. How do we know which is best?

# Quality of Fit

To evaluate the performance of a method on a given data set, we need to measure how well its predictions match the observed data.

- Linear regression uses **mean squared error** (MSE):

$$\frac{1}{n} \sum_{i=1}^n (Y_i - \hat{\beta}_0 - \hat{\beta}_1 X_{i1} - \dots - \hat{\beta}_p X_{ip})^2.$$

Called the **training MSE** since it's calculated on the training data.

how well does our model predict?  
training does not guarantee that it will do well  
in another dataset (the test)

## Quality of Fit

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Called the **training MSE** since it's calculated on the training data.

- But what we actually want to minimize is the **test MSE**:

$$\text{Ave}(Y_{test} - \hat{\beta}_0 - \hat{\beta}_1 X_{test,1} - \dots - \hat{\beta}_p X_{test,p})^2,$$

using **test** data that was not used to fit the model.

We are interested in the accuracy of the predictions that we obtain when we apply our method to previously unseen **test data**.

# The Test MSE

How do we minimize the test MSE?

- Sometimes have a **test** dataset (that wasn't used to train the model.)

# The Test MSE

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- What if no **test** data is available?

# The Test MSE

How do we minimize the test MSE?

- Sometimes have a **test** dataset (that wasn't used to train the model.)
- What if no **test** data is available?
- Idea: Use the model with the lowest **training** MSE.
  - Unfortunately, no guarantee that the method with the lowest **training** MSE will also have the lowest **test** MSE.
- This week we'll learn a strategy for estimating the **test** MSE when no **test** data is available: *Cross-validation*.

 End of Exam

# Classification

# What is Classification?

- We studied linear regression for use when we want to predict a quantitative response variable.
- What if we have a categorical response variable?
- The study of predicting categorical response variables is called **classification**.

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- The study of predicting categorical response variables is called **classification**.

## Examples

- A person has symptoms that could possibly be attributed to one of three medical conditions. Which condition does he have?
- A bank must be able to determine whether an online transaction is fraudulent, on the basis of the user's IP address, past transaction history, etc.
- Using DNA sequence data for patients with and without a disease, a biologist would like to figure out which DNA mutations cause diseases and which do not.

# Types of Classifiers

Many methods of classification:

- Logistic Regression.
- Linear Discriminant Analysis.
- K Nearest Neighbors.
- Trees and Random Forests.
- Support Vector Machines

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Many methods of classification:

- Logistic Regression.
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- K Nearest Neighbors.
- Trees and Random Forests.
- Support Vector Machines

## Set-up

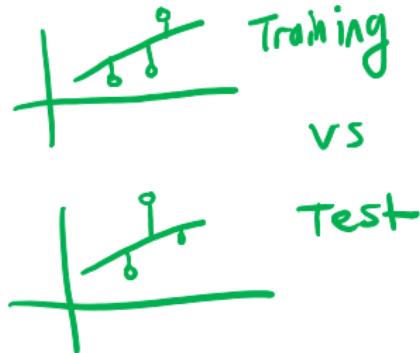
- Just as in regression, we have a set of training observations (data):  
 $(X_1, Y_1), (X_2, Y_2), \dots, (X_n, Y_n)$ ,  $Y_1, Y_2, \dots, Y_n$  categorical.
- Use the data to build the classifier.
- We want our classifier to perform well not only on the training data, but also on test observations that were not used to build the classifier.

# Assessing the Accuracy

Recall, for linear regression we calculated to **training** mean squared error:

$$\frac{1}{n} \sum_{i=1}^n (Y_i - \hat{\beta}_0 - \hat{\beta}_1 X_{i1} - \dots - \hat{\beta}_p X_{ip})^2$$

↳ Distance of Predicted Function & Actual Data.



# Assessing the Accuracy

Recall, for linear regression we calculated to **training** mean squared error:

$$\frac{1}{n} \sum_{i=1}^n (Y_i - \hat{\beta}_0 - \hat{\beta}_1 X_{i1} - \dots - \hat{\beta}_p X_{ip})^2$$

For classification, we study the **error rate**:

$$\frac{1}{n} \sum_{i=1}^n \mathbb{I}[Y_i \neq \hat{Y}_i].$$

$Y_i$	$\hat{Y}_i$	$\mathbb{I}[Y_i \neq \hat{Y}_i]$
D	D	0
N	N	0
D	N	1
D	D	0

$\downarrow$

$\sum \mathbb{I}$  .25

- $\hat{Y}_i$  is the predicted classification for the  $i^{th}$  observation.
- $\mathbb{I}[Y_i \neq \hat{Y}_i]$  is an *indicator variable* that equals 1 if  $Y_i \neq \hat{Y}_i$  and 0 if  $Y_i = \hat{Y}_i$ .
- If  $\mathbb{I}[Y_i \neq \hat{Y}_i] = 0$  then the  $i^{th}$  observation was classified correctly.
- The *error rate* computed the fraction of incorrect classifications.

# Assessing the Accuracy

- Similarly to the regression case, the following is referred to as the **training** error rate:

$$\frac{1}{n} \sum_{i=1}^n \mathbb{I}[Y_i \neq \hat{Y}_i].$$

- The **test** error rate associated with a set of **test** observations  $(X_{test}, Y_{test})$  is given by
- > use average because you don't know sample size.*
- $$Ave(\mathbb{I}[Y_{test} \neq \hat{Y}_{test}]).$$
- ↓ test data      ↓ test response*
- A good classifier is one for which the **test** error rate is the smallest.

# Bayes Classifier

The best classifier (in terms of **test** error) *assigns each observation to the most likely class*, given its predictor values.

# Bayes Classifier

The best classifier (in terms of **test** error) *assigns each observation to the most likely class*, given its predictor values.

- Assign test observation with predictor vector  $X_{test}$  to the class  $j$  for which

$$Pr(Y = j | X = X_{test})$$

is largest.

- This is a *conditional probability*. Recall ‘Bayes Rule’:

$$Pr(A|B) = \frac{Pr(A \text{ and } B)}{Pr(B)}$$

# Bayes Classifier

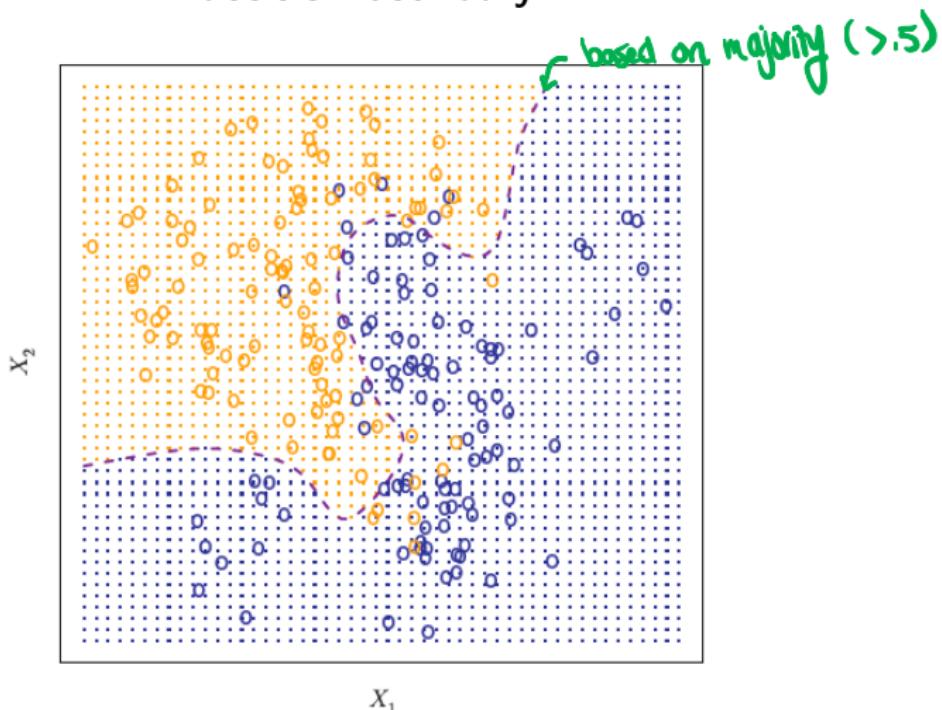
Consider a two-class problem, meaning  $Y_{test}$  is either class  $A$  or class  $B$ .

The Bayes classifier predicts:

$$\begin{cases} \text{Class A} & \text{if } Pr(Y = A | X = X_{test}) > 0.5, \\ \text{Class B} & \text{otherwise.} \end{cases} \quad (1)$$

# Bayes Classifier Example <sup>1</sup>

Simulated data of 100 observations. Response  $Y$  either blue or orange, with two predictors  $X_1$  and  $X_2$ . The purple line represents the **Bayes decision boundary**.



# $K$ Nearest Neighbors

In theory would like to always use the Bayes classifier. In practice, don't know  $Pr(Y|X)$ !

## $K$ Nearest Neighbors (KNN)

- Estimates  $Pr(Y|X)$  and then classifies observations to the class with highest estimated probability.

# $K$ Nearest Neighbors

In theory would like to always use the Bayes classifier. In practice, don't know  $Pr(Y|X)$ !

## $K$ Nearest Neighbors (KNN)

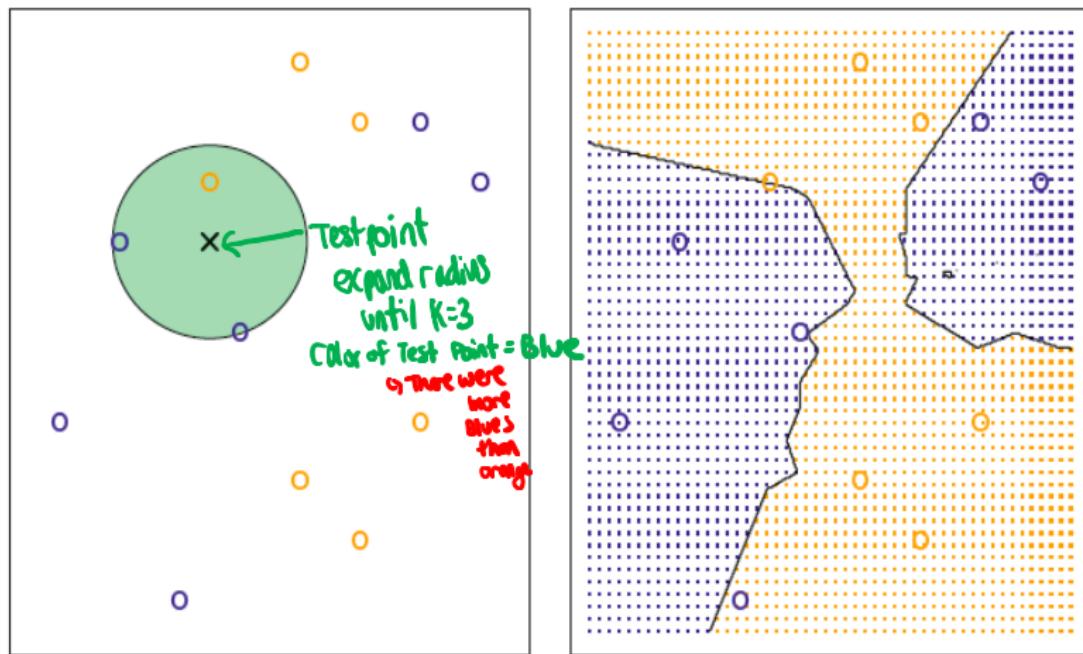
- Estimates  $Pr(Y|X)$  and then classifies observations to the class with highest estimated probability.
- Given a positive integer  $K$  and a test observation  $X_{test}$ :
  - Identify  $K$  points in training data closest to  $X_{test}$ . Label  $\mathcal{N}_{test}$ .
  - Estimate conditional probability for class  $j$  as fraction of points in  $\mathcal{N}_{test}$  whose response values equal  $j$ :

$$Pr(Y = j | X = X_{test}) = \frac{1}{K} \sum_{i \in \mathcal{N}_{test}} \mathbb{I}(Y_i = j).$$

- Classify the test observation to class with the largest probability.

## KNN Classifier Example <sup>2</sup>

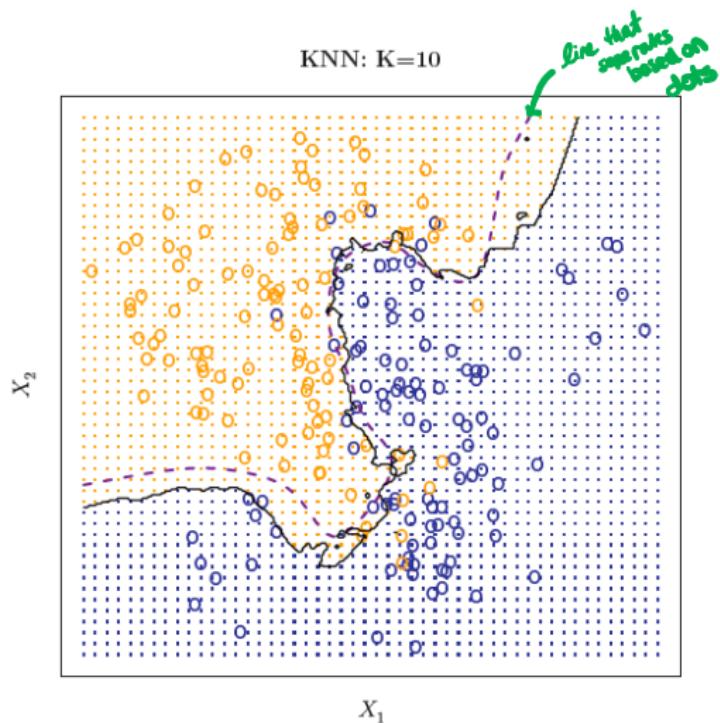
Training data with six blue and six orange observations. Use  $K = 3$ . KNN decision boundary shown in black.



<sup>1</sup>Image from 'Introduction to Statistical Learning'.

# KNN Classifier Example<sup>3</sup>

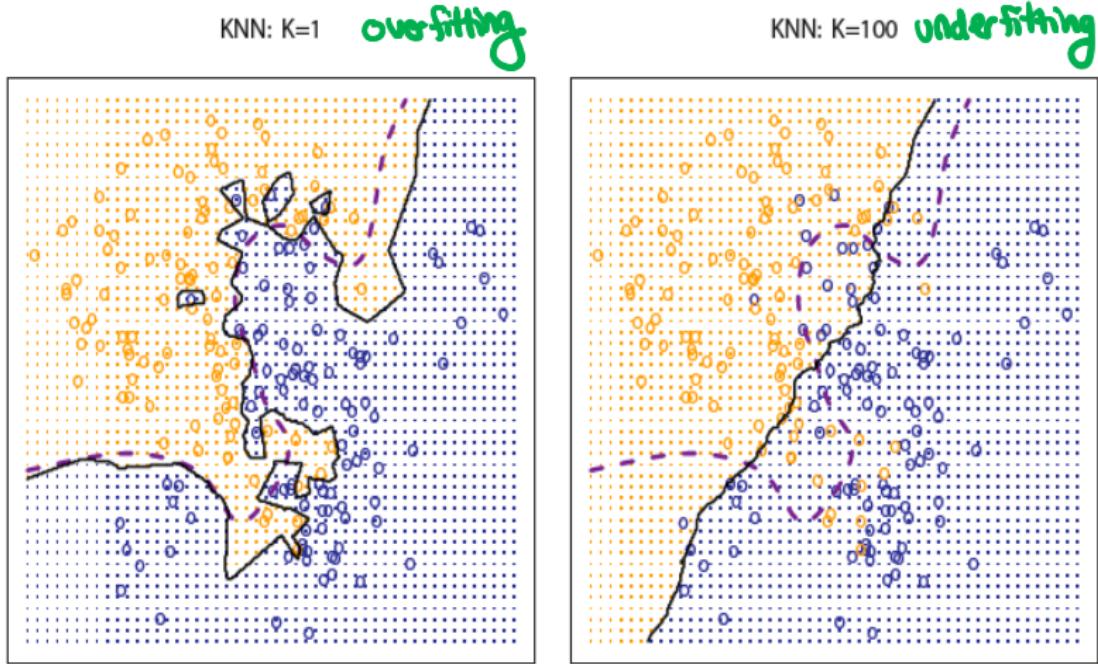
Though simple, KNN can be surprisingly close to Bayes optimal classifier!



<sup>1</sup>Image from 'Introduction to Statistical Learning'.

# KNN Classifier Example<sup>4</sup>

Choice of  $K$  matters!



<sup>4</sup>Image from 'Introduction to Statistical Learning'.

# Assessing Model Accuracy

As with regression, **training** error not a good predictor of **test** error.

(Previous example!)

↓  
you can get this to be 0  
↳ useless in test sense

# Classification: An Example

Can we predict the direction of the stock market today using the previous two days' movements?

# Classification: An Example

Can we predict the direction of the stock market today using the previous two days' movements?

```
> # install.packages("ISLR")
> library(ISLR)
> head(Smarket, 3)
```

	Yesterday	Lag1	Lag2	Lag3	Lag4	Lag5	5 Days Ago	Volume	Today
1	2001	0.381	-0.192	-2.624	-1.055	5.010	1.1913	0.959	
2	2001	0.959	0.381	-0.192	-2.624	-1.055	1.2965	1.032	
3	2001	1.032	0.959	0.381	-0.192	-2.624	1.4112	-0.623	
Direction									
1								Up	
2								Up	
3								Down	

# Classification: An Example

## Variables

- **Year:** The year that the observation was recorded
- **LagX:** Percentage return X days ago.
- **Volume:** Volume of shares traded (number of daily shares traded in billions)
- **Today:** Percentage return for today
- **Direction:** A factor with levels Down and Up indicating whether the market had a positive or negative return on a given day.

# Classification: An Example

## Variables

- **Year:** The year that the observation was recorded
- **LagX:** Percentage return X days ago.
- **Volume:** Volume of shares traded (number of daily shares traded in billions)
- **Today:** Percentage return for today
- **Direction:** A factor with levels Down and Up indicating whether the market had a positive or negative return on a given day. → *dichotomous response*

```
> mean(Smarket$Lag1[Smarket$Direction == "Up"])
```

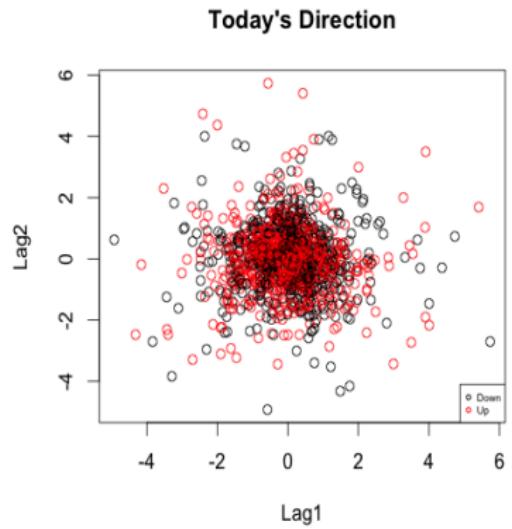
```
[1] -0.03969136
```

```
> mean(Smarket$Lag1[Smarket$Direction == "Down"])
```

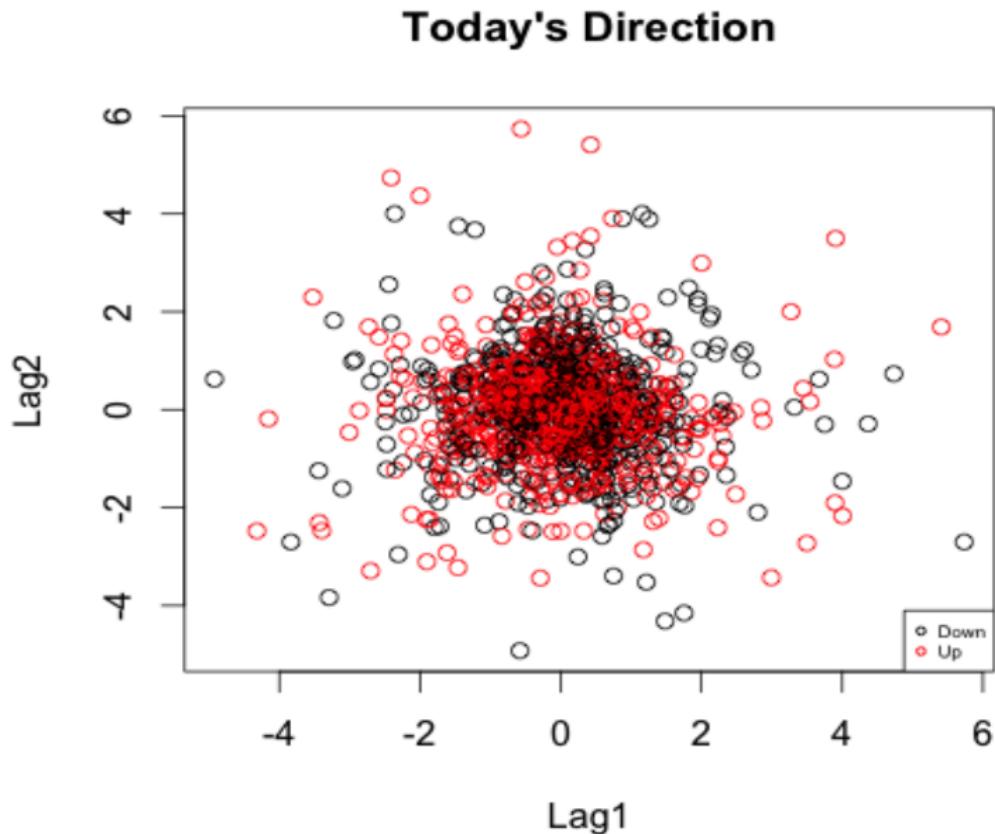
```
[1] 0.05068605
```

# Classification: An Example

```
> plot(Smarket$Lag1, Smarket$Lag2, col = Smarket$Direction,  
+       xlab="Lag1", ylab="Lag2", main="Today's Direction")  
> legend("bottomright", legend = levels(Smarket$Direction),  
+        col=1:length(levels(Smarket$Direction)), pch=1)
```



# Classification: An Example



# Classification: An Example

## Procedure

For a new point  $(Lag1_{new}, Lag2_{new})$ ,

- Calculate the Euclidean distance between the new point and all data points. For a data point  $(L1, L2)$ ,

$$\text{dist}^2 = (Lag1_{new} - L1)^2 + (Lag2_{new} - L2)^2.$$

- Create the set  $\mathcal{N}_{new}$  containing the  $K$  closest points.
- Determine the number of 'UPs' and 'DOWNs' in  $\mathcal{N}_{new}$  and classify the new point.

# Classification: An Example

## Coding The Procedure

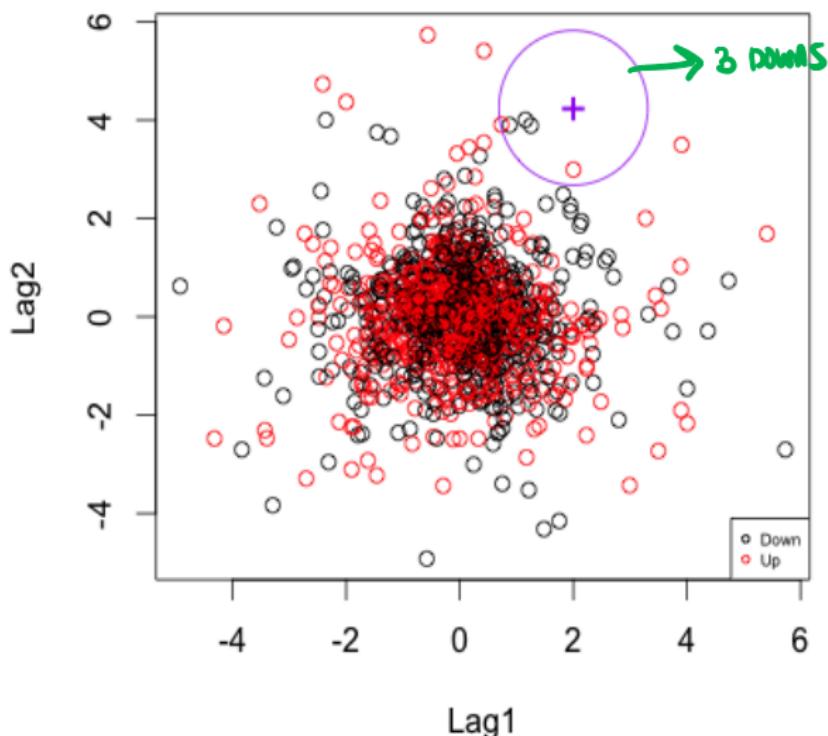
### KNN Function

```
> K           <- 5
> Lag1.new    <- 2      > Test points
> Lag2.new    <- 4.25
> # K = 5 and new point (2, 4.25).
>
> dists       <- sqrt((Smarket$Lag1 - Lag1.new)^2
+                  + (Smarket$Lag2 - Lag2.new)^2)
> neighbors   <- order(dists)[1:K]
> neighb.dir  <- Smarket$Direction[neighbors]
> choice      <- names(which.max(table(neighb.dir)))
> choice
```

[1] "Down"

# Classification: An Example

## Today's Direction



# Check Yourself

## Task

Write a function called `KNN.decision` that returns the class decision for any new point ( $Lag1_{new}, Lag2_{new}$ ) and any choice of  $K$  (with  $K = 5$ ) as default.

# Check Yourself

## One Solution:

```
> KNN.decision <- function(Lag1.new, Lag2.new, K = 5,
+                             Lag1 = Smarket$Lag1,
+                             Lag2 = Smarket$Lag2,
+                             Dir = Smarket$Direction) {
+   n <- length(Lag1)
+   stopifnot(length(Lag2) == n, length(Lag1.new) == 1,
+             length(Lag2.new) == 1, K <= n)
+   +
+   dists <- sqrt((Lag1-Lag1.new)^2 + (Lag2-Lag2.new)^2)
+   +
+   neighbors <- order(dists)[1:K]
+   neighb.dir <- Dir[neighbors]
+   choice     <- names(which.max(table(neighb.dir)))
+   return(choice)
+ }
```

# Testing Our Model

Let's build our model using data from 2001 - 2004 and use the 2005 data as a test. Can we predict market direction better than a random guess?

# Testing Our Model

Let's build our model using data from 2001 - 2004 and use the 2005 data as a test. Can we predict market direction better than a random guess?

```
> test <- Smarket[Smarket$Year == 2005, ]  
> train <- Smarket[Smarket$Year != 2005, ]  
> n.test <- nrow(test)  
> predictions <- rep(NA, n.test)  
> for (i in 1:n.test){  
+   predictions[i] <- KNN.decision(test$Lag1[i],test$Lag2[i],  
+                                     Lag1 = train$Lag1,Lag2 = train$Lag2,  
+                                     Dir = train$Direction)  
+ }  
> test.error <- sum(predictions != test$Direction)/n.test  
> test.error
```

↳ want higher than  
50%

[1] 0.515873 *wrong 50% (not ideal result)*

## Testing Our Model: Another Try

Let's build our model using data from 2001 - 2004 and use the 2005 data as a test. Can we predict market direction better than a random guess?

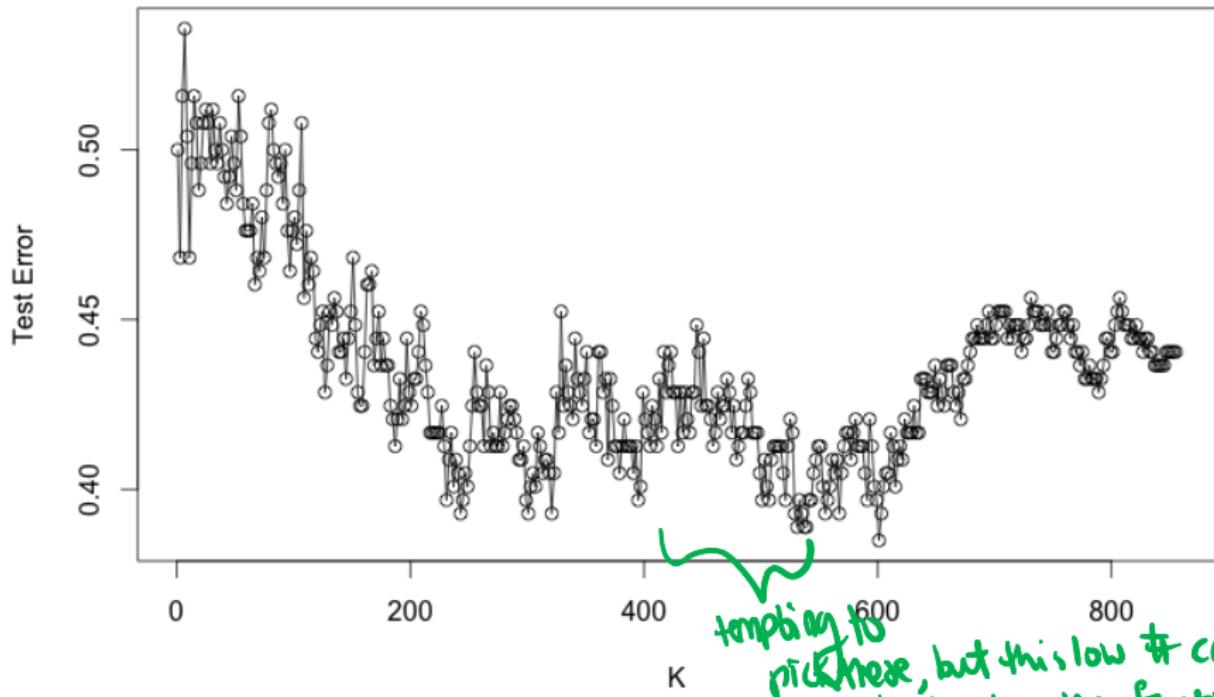
```
> test <- Smarket[Smarket$Year == 2005, ]
> train <- Smarket[Smarket$Year != 2005, ]
> n.test <- nrow(test)
> predictions <- rep(NA, n.test)
> for (i in 1:n.test){
+   predictions[i] <- KNN.decision(test$Lag1[i],test$Lag2[i],
+                                   K = 7,
+                                   Lag1 = train$Lag1,Lag2 = train$Lag2,
+                                   Dir = train$Direction)
+ }
> test.error <- sum(predictions != test$Direction)/n.test
> test.error
```

[1] 0.5357143

Higher test error. (Want this close to 0)

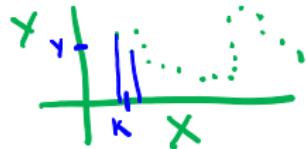
# Classification: An Example

## Predicting Market Direction



# Optional Reading

- Chapter 4 (Classification) and Chapter 5 (Cross-Validation) in An Introduction to Statistical Learning.
- Chapter 10 (Writing Your Own Functions) in An Introduction to R



KNN for regression  
 $k=2$   
→ can still use some function  
but average the Y values!