Factor Models

Daniel Khashabi[1]
KHASHAB2@ILLINOIS.EDU

0.1 Principal Component Analysis

Principal Component Analysis (PCA) is closely related to DA, Categorical regression and Factor Analysis(FA), in that they both look for a linear combination of input data, which better explain them. LDA tries to directly deal with differences between classes. us the following decomposition:

$$\mathbf{M} = \mathbf{U}\mathbf{\Sigma}\mathbf{V}^*$$