1: Inverse method for Poissson Distribution (25%)

For discrete Poisson Distribution ($\lambda = 5$),
the p.m.f is $P(x|\lambda) = e^{-\lambda}\frac{\lambda^x}{x!}$ and the c.d.f is $F(x|\lambda) = \sum_{t \leq x} e^{-\lambda}\frac{\lambda^t}{t!}$.

Algorithm: Inverse method for the Poisson Distribution:

To generate $X \sim F(x)$:

STEP 1: Generate $U \sim unif[0, 1]$;

STEP 2: Transform $X = F^{-}(U)$: if $F(x|\lambda) < U \leq F(x+1|\lambda)$, let $X = x + 1$.

Plot :

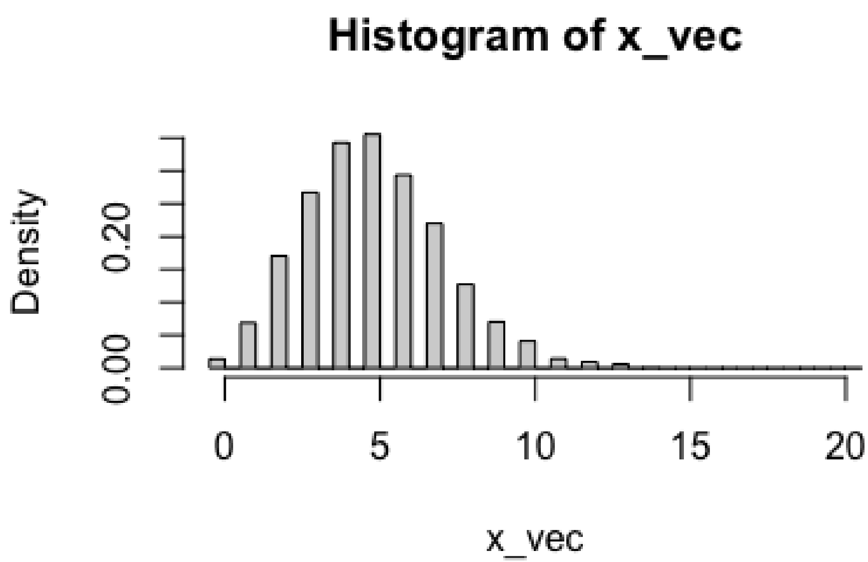

Figure 1: Histogram of 5000 samples

2: Accept-Reject method for truncated Gamma Distribution (25%)

For $X \sim Gamma(\frac{1}{2}, 1)I(x \geq 5)$, $f(x) = \frac{x^{-\frac{1}{2}}e^{-x}I(x\geq 5)}{\int_5^{+\infty} y^{-\frac{1}{2}}e^{-y}dy}$.

We can define a shifted exponential distribution $g(x) = e^{-(x-5)}I(x \geq 5)$ and want to find a constant M such that $f(x) < Mg(x)$ for any x.

Then $M = \sup\frac{f(x)}{g(x)} = \sup\frac{\frac{x^{-\frac{1}{2}}e^{-x}I(x\geq 5)}{\int_5^{+\infty} y^{-\frac{1}{2}}e^{-y}dy}}{e^{-(x-5)}I(x\geq 5)} = \frac{5^{-\frac{1}{2}}e^{-5}}{\int_5^{+\infty} y^{-\frac{1}{2}}e^{-y}dy}$.

Algorithm: Accept-Reject method for truncated Gamma Distribution:

To generate $X \sim F(x) =$ c.d.f of $f(x)$:

STEP 1: Generate $Y \sim g(y)$;

STEP 2: Generate $U \sim unif[0,1]$;

STEP 3: Accept $X = Y$ if $U \leq \frac{f(Y)}{Mg(Y)}$.

Proof :

From the choice of constant M, we can know that $Mg(x) \geq f(x)$. The goal of this method is to generate $X \sim F(x) =$ c.d.f of $f(x)$.

For the generating algorithm:

$$
\begin{aligned}
P(X \leq x) &= P(Y \leq x | Y \text{ is accepted}) \\
&= P(Y \leq x | U \leq \frac{f(Y)}{Mg(Y)}) \\
&= \frac{P(Y \leq x, U \leq \frac{f(Y)}{Mg(Y)})}{P(U \leq \frac{f(Y)}{Mg(Y)})} \\
&= \frac{\int_{-\infty}^{x} g(y) \int_0^{\frac{f(y)}{Mg(y)}} 1 du dy}{\int_{-\infty}^{+\infty} g(y) \int_0^{\frac{f(y)}{Mg(y)}} 1 du dy} \\
&= \frac{\int_{-\infty}^{x} g(y) \frac{f(y)}{Mg(y)} dy}{\int_{-\infty}^{+\infty} g(y) \frac{f(y)}{Mg(y)} dy} \\
&= \frac{\int_{-\infty}^{x} f(y) dy}{\int_{-\infty}^{+\infty} f(y) dy} \\
&= \frac{\int_{-\infty}^{x} f(y) dy}{1} \\
&= F(x)
\end{aligned}
$$

Therefore, this AR method works.

Comparison :

Theoretical acceptance probability:

$$
\begin{aligned}
P(U \leq \frac{f(Y)}{Mg(Y)}) &= \int_{-\infty}^{+\infty} g(y) \int_0^{\frac{f(y)}{Mg(y)}} 1 du dy \\
&= \frac{1}{M} \int_{-\infty}^{+\infty} f(y) dy \\
&= \frac{1}{M}
\end{aligned}
$$

After computation, this acceptance probability is 0.184157.

The actual acceptance rate is 0.1854, which is a little bit higher than the theoretical value.

3: Importance Sampling for Estimation (25%)

(1) Using 5000 samples from Q2 (l = length of samples obtained in Q2), the Monte Carlo estimate is

$$\begin{aligned}\int_5^{+\infty} cos(x)x^{-\frac{1}{2}}e^{-x}dx &= \int_{-\infty}^{+\infty} cos(x)\frac{x^{-\frac{1}{2}}e^{-x}I(x\geq 5)}{\int_5^{+\infty} y^{-\frac{1}{2}}e^{-y}dy}dx \times \int_5^{+\infty} y^{-\frac{1}{2}}e^{-y}dy \\ &= \frac{\int_5^{+\infty} y^{-\frac{1}{2}}e^{-y}dy}{l}\sum_{i=1}^{l} cos(x_i) \\ &= 0.001708\end{aligned}$$

(2) Using the same notations in Q2, we define $h(x) = cos(x)$.

$$\begin{aligned}\int_5^{+\infty} cos(x)x^{-\frac{1}{2}}e^{-x}dx &= \int_{-\infty}^{+\infty} cos(x)\frac{x^{-\frac{1}{2}}e^{-x}I(x\geq 5)}{\int_5^{+\infty} y^{-\frac{1}{2}}e^{-y}dy}dx \times \int_5^{+\infty} y^{-\frac{1}{2}}e^{-y}dy \\ &= \int_5^{+\infty} y^{-\frac{1}{2}}e^{-y}dy \int_{-\infty}^{+\infty} \frac{h(x)f(x)}{g(x)}dx\end{aligned}$$

Note that $\frac{f(x)}{g(x)} \leq M < \infty$, and $E_g h^2(x) = \int_{-\infty}^{+\infty} g(x)h^2(x)dx \leq \int_{-\infty}^{+\infty} g(x)dx = 1 < \infty$, we can use the importance sampling as follows:

Algorithm:

STEP 1: Generate $n = 5000$ samples from $g(x)$;

STEP 2: Compute the Monte Carlo estimate:

$$\int_{-\infty}^{+\infty} \frac{h(x)f(x)}{g(x)}dx = \frac{\sum_{i=1}^{n} \frac{h(x_i)f(x_i)}{g(x_i)}}{n} = \frac{e^{-5}}{n\int_5^{+\infty} y^{-\frac{1}{2}}e^{-y}dy}\sum_{i=1}^{n} cos(x_i)x_i^{-\frac{1}{2}}$$

Therefore,

$$\begin{aligned}\int_5^{+\infty} cos(x)x^{-\frac{1}{2}}e^{-x}dx &= \int_5^{+\infty} y^{-\frac{1}{2}}e^{-y}dy \int_{-\infty}^{+\infty} \frac{h(x)f(x)}{g(x)}dx \\ &= \int_5^{+\infty} y^{-\frac{1}{2}}e^{-y}dy \frac{e^{-5}}{n\int_5^{+\infty} y^{-\frac{1}{2}}e^{-y}dy}\sum_{i=1}^{n} cos(x_i)x_i^{-\frac{1}{2}} \\ &= \frac{e^{-5}}{n}\sum_{i=1}^{n} cos(x_i)x_i^{-\frac{1}{2}} \\ &= 0.00174\end{aligned}$$

4: Stratified Sampling (25%)

(1)

(2)

(3)