## https://github.com/fedecaselli

To run this notebook, please first decompress '2011-capitalbikeshare-tripdata.csv.zip' and '2012-capitalbikeshare-tripdata.zip'

## Bike Rental Count Prediction

```
import pandas as pd
import numpy as np
from scipy import stats
import matplotlib.pyplot as plt
import seaborn as sns
from datetime import datetime, timedelta
from sklearn.preprocessing import OneHotEncoder
from sklearn.preprocessing import StandardScaler
from sklearn.linear_model import LinearRegression
from sklearn.ensemble import RandomForestRegressor
from sklearn.model_selection import RandomizedSearchCV
from xgboost import XGBRegressor
import optuna
from sklearn.model_selection import cross_val_score
from sklearn.metrics import mean_squared_error, mean_absolute_error, r2_score
from sklearn.feature_selection import VarianceThreshold
from sklearn.feature_selection import mutual_info_regression
from sklearn.preprocessing import OrdinalEncoder
from statsmodels.stats.outliers_influence import variance_inflation_factor
from statsmodels.tools.tools import add_constant
from sklearn.linear_model import Ridge, Lasso
from sklearn.decomposition import PCA
import os
import statsmodels.api as sm
from itertools import combinations
```

## √ 1. EDA

df = pd.read\_csv('bike+sharing+dataset/hour.csv')
df.head(5)

<b>→</b>		instant	dteday	season	yr	mnth	hr	holiday	weekday	workingday	weathersit	temp	atemp	hum	windspeed	casual	reg
	0	1	2011- 01-01	1	0	1	0	0	6	0	1	0.24	0.2879	0.81	0.0	3	
	1	2	2011- 01-01	1	0	1	1	0	6	0	1	0.22	0.2727	0.80	0.0	8	
	2	3	2011- 01-01	1	0	1	2	0	6	0	1	0.22	0.2727	0.80	0.0	5	
	-		2011-		_		_	_	_	•						_	

## General Information

Brief Features' Description

Categorical Features:

Season: 1: winter, 2: spring, 3: summer, 4: fall

Year: Year (0: 2011, 1: 2012) Month: Month (1 to 12) Hour: Hour (0 to 23)

Holiday: Whether the day is a holiday

Weekday: Day of the week (0-6)

WorkingDay: If the day is neither weekend nor holiday: 1, otherwise: 0

 $Weather \ Situation: 1: Clear, Few \ clouds, Partly \ cloudy, 2: Mist + cloudy, 3: Light \ snow/rain \ and \ snow \ for the cloud \ for the$ 

Numerical Features:

Instant: Record index

dteday:

temp: Normalized temperature in Celsius, range: [-8, +39]

atemp: Normalized feeling temperature in Celsius, range: [-16, +50]

hum: Normalized humidity, values divided by 100

windspeed: Normalized wind speed, values divided by 67

casual: count of casual users

registered: count of registered users

df.info()

<<class 'pandas.core.frame.DataFrame'>
RangeIndex: 17379 entries, 0 to 17378
Data columns (total 17 columns):

#	Column	Non-Null Count	Dtype
0	instant	17379 non-null	int64
1	dteday	17379 non-null	object
2	season	17379 non-null	int64
3	yr	17379 non-null	int64
4	mnth	17379 non-null	int64
5	hr	17379 non-null	int64
6	holiday	17379 non-null	int64
7	weekday	17379 non-null	int64
8	workingday	17379 non-null	int64
9	weathersit	17379 non-null	int64
10	temp	17379 non-null	float64
11	atemp	17379 non-null	float64
12	hum	17379 non-null	float64
13	windspeed	17379 non-null	float64
14	casual	17379 non-null	int64
15	registered	17379 non-null	int64
16	cnt	17379 non-null	int64
dtyp	es: float64(	4), int64(12), o	bject(1)
memo	ry usage: 2.	3+ MB	

df.describe()

<del>_</del> →		instant	season	yr	mnth	hr	holiday	weekday	workingday	weathersit	
	count	17379.0000	17379.000000	17379.000000	17379.000000	17379.000000	17379.000000	17379.000000	17379.000000	17379.000000	17379
	mean	8690.0000	2.501640	0.502561	6.537775	11.546752	0.028770	3.003683	0.682721	1.425283	(
	std	5017.0295	1.106918	0.500008	3.438776	6.914405	0.167165	2.005771	0.465431	0.639357	(
	min	1.0000	1.000000	0.000000	1.000000	0.000000	0.000000	0.000000	0.000000	1.000000	(
	25%	4345.5000	2.000000	0.000000	4.000000	6.000000	0.000000	1.000000	0.000000	1.000000	(
	50%	8690.0000	3.000000	1.000000	7.000000	12.000000	0.000000	3.000000	1.000000	1.000000	(
	75%	13034.5000	3.000000	1.000000	10.000000	18.000000	0.000000	5.000000	1.000000	2.000000	(
	max	17379.0000	4.000000	1.000000	12.000000	23.000000	1.000000	6.000000	1.000000	4.000000	1

df.nunique()

_		
$\rightarrow$	instant	17379
	dteday	731
	season	4
		-
	yr	2
	mnth	12
	hr	24
	holiday	2
	weekday	7
	workingday	2
	weathersit	4
	temp	50
	atemp	65
	hum	89
	windspeed	30
	casual	322
	registered	776
	cnt	869
	dtype: int64	

## Missing Values

The functions in this section were created with the help of AI.

df.isnull()

<del></del>		instant	dteday	season	yr	mnth	hr	holiday	weekday	workingday	weathersit	temp	atemp	hum	windspeed	ca
	0	False	False	False	False	False	False	False	False	False	False	False	False	False	False	
	1	False	False	False	False	False	False	False	False	False	False	False	False	False	False	I
	2	False	False	False	False	False	False	False	False	False	False	False	False	False	False	I
	3	False	False	False	False	False	False	False	False	False	False	False	False	False	False	I
	4	False	False	False	False	False	False	False	False	False	False	False	False	False	False	I
	17374	False	False	False	False	False	False	False	False	False	False	False	False	False	False	I
	17375	False	False	False	False	False	False	False	False	False	False	False	False	False	False	I
	17376	False	False	False	False	False	False	False	False	False	False	False	False	False	False	I
	17377	False	False	False	False	False	False	False	False	False	False	False	False	False	False	I
	17378	False	False	False	False	False	False	False	False	False	False	False	False	False	False	- 1

17379 rows × 17 columns

The daset contains 17379 entries and 17 features representing the hourly bike rental data for the years 2011 and 2012.

Despite there are no null values and apparently no placeholders, the expected count of records will be compared to the actual number of records in the dataset, as the number of entries could be incomplete.

The following code will check the number of days per year and calculate the total expected records.

```
years = [2011, 2012]
expected_records_per_year = {}
# Calculate expected records for each year
for year in years:
    # Determine if the year is a leap year
    if (year % 4 == 0 and year % 100 != 0) or (year % 400 == 0):
       days_in_year = 366
       days_in_year = 365
   expected_records_per_year[year] = days_in_year * 24 # 24 hours per day
for year, expected_records in expected_records_per_year.items():
   print(f"Expected number of records for {year}: {expected_records}")
total_expected_records = sum(expected_records_per_year.values())
print(f"\nTotal expected records for both years: {total_expected_records}")
    Expected number of records for 2011: 8760
    Expected number of records for 2012: 8784
    Total expected records for both years: 17544
```

Since the expected records is 17544 and the actual records in the dataset are 17379, missing records will now be identified by full date (year-month-day hr:min:sec)

```
# Create a full date-time index for all expected hours between 2011 and 2012
df_copy = df.copy()

start_date = datetime(2011, 1, 1, 0)
end_date = datetime(2012, 12, 31, 23)
full_datetime_index = pd.date_range(start=start_date, end=end_date, freq='h')

# Convert 'dteday' and 'hr' to a comparable datetime index in the copied DataFrame
df_copy['datetime'] = pd.to_datetime(df_copy['dteday'].astype(str) + ' ' + df_copy['hr'].astype(str) + ':00:00')

# Find the missing records by comparing expected index with actual records
actual_index = pd.Index(df_copy['datetime'])
missing_dates = full_datetime_index.difference(actual_index)
```

```
# Display missing dates
print(f"Total missing records: {len(missing_dates)}")
print("\nMissing records (showing first 20):")
print(missing_dates[:20])
pd.DataFrame(missing_dates, columns=['datetime']).to_csv('missing_dates.csv', index=False)

→ Total missing records: 165
            Missing records (showing first 20): DatetimeIndex(['2011-01-02 05:00:00',
                                                                                                                  '2011-01-03 02:00:00'.
                                                     '2011-01-02 03:00:00',
'2011-01-05 03:00:00',
                                                                                                                '2011-01-04 03:00:00'
                                                                                                                 '2011-01-06 03:00:00'
                                                     '2011-01-07 03:00:00', '2011-01-11 03:00:00',
                                                    '2011-01-11 04:00:00', '2011-01-12 03:00:00', '2011-01-12 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00:00', '2011-01-14 04:00', '2011-01-14 04:00', '2011-01-14 04:00', '2011-01-14 04:00', '2011-01-14 04:00', '2011-01-14 04
                                                     '2011-01-18 00:00:00',
                                                                                                                 '2011-01-18 01:00:00',
                                                    '2011-01-18 02:00:00',
                                                                                                                 '2011-01-18 03:00:00',
                                                     '2011-01-18 04:00:00', '2011-01-18 05:00:00', '2011-01-18 06:00:00', '2011-01-18 07:00:00'],
                                                 dtype='datetime64[ns]', freq=None)
percentage_missing_records = len(missing_dates)/len(df) * 100
print(percentage_missing_records)
 → 0.9494217158639737
#We will also be adding it to the dataset as it will be later used
df['datetime'] = pd.to_datetime(df['dteday'].astype(str) + ' ' + df['hr'].astype(str) + ':00:00')
missing_df = pd.DataFrame(missing_dates, columns=['datetime'])
missing_df['year'] = missing_df['datetime'].dt.year
# Count missing records by year
missing_count_by_year = missing_df['year'].value_counts().sort_index()
print("Missing Records by Year:")
print(missing_count_by_year)
           Missing Records by Year:
 \rightarrow
            year
                                  115
            2011
            2012
                                   50
           Name: count, dtype: int64
```

The next step is to identify the missing records and determine if they are randomly distributed or correspond to specific days or periods. It is now crucial to determine whether the missing entries are randomly distributed or if they are concentrated within specific time frames.

Randomly distributed missing entries could indicate data collection errors that are unlikely to introduce a systematic bias.

However, if the missing entries are concentrated within certain periods, such as entire days, weeks, or months, this could suggest more significant issues, leading to bias in model predictions.

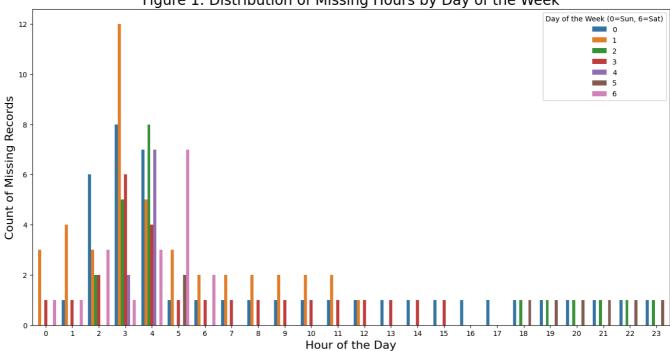
This will also help determine whether interpolation, imputation or exclusion should be applied.

```
# Extract hour and weekday from the 'datetime' column
missing_df['hour'] = missing_df['datetime'].dt.hour
missing_df['weekday'] = missing_df['datetime'].dt.weekday # 0 = Sunday, 6 = Saturday

# Plot
plt.figure(figsize=(16, 8))
sns.countplot(data=missing_df, x='hour', hue='weekday', palette='tab10')
plt.title('Figure 1: Distribution of Missing Hours by Day of the Week', fontsize=20)
plt.xlabel('Hour of the Day', fontsize=16)
plt.ylabel('Count of Missing Records', fontsize=16)
plt.legend(title='Day of the Week (0=Sun, 6=Sat)')
plt.show()
```



Figure 1: Distribution of Missing Hours by Day of the Week

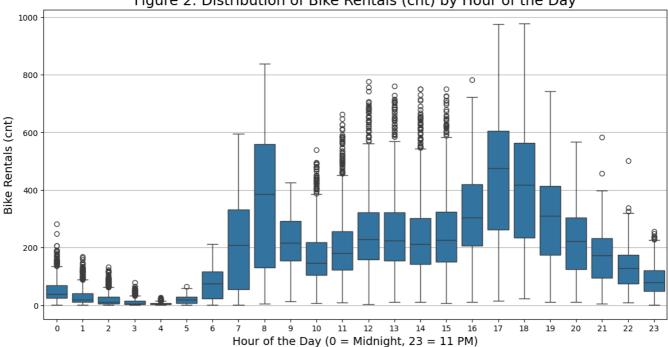


The majority of missing values are clustered between midnight and 6 am. Specially Mondays and Sundays have a high number of missing values in comparison to other days of the week.

```
# Plotting cnt by hr
plt.figure(figsize=(14, 7))
sns.boxplot(x='hr', y='cnt', data=df)
plt.title('Figure 2: Distribution of Bike Rentals (cnt) by Hour of the Day', fontsize=18)
plt.xlabel('Hour of the Day (0 = Midnight, 23 = 11 PM)', fontsize=14)
plt.ylabel('Bike Rentals (cnt)', fontsize=14)
plt.grid(True, axis='y')
plt.show()
```



Figure 2: Distribution of Bike Rentals (cnt) by Hour of the Day



The hours with most missing entries correspond to the hours with the lowest bike rental activity. This suggests that the missing data may not significantly impact the prediction model, as those hours contribute less to the overall rental counts. While it is possible that rental counts are low due to the missing entries, the fact that only 165 records are missing suggests that their inclusion would not drastically alter the overall distribution.

Given this information, the distribution of missing values does not appear to be completely random as they occur consistently during certain hours and specific days of the week.

Since the missing hours appear to be systematic, if the model is trained mostly on data from high-activity periods, it may fail to generalize well to low-activity periods, which could fail to generalize for low activity periods and perform poorly during those hours.

Ignoring these missing values could result in biased predictions, so entries may need to be filled.

Ignoring missing records as they are few, interpolation, using statistical values, will be considered

## **Further Analysis**

Although the dataset indicates 165 missing records, during the transition from Standard Time to Daylight Saving Time in spring, one hour is effectively skipped, resulting in a lack of records for that specific hour. Conversely, during the transition from Daylight Saving Time to Standard Time in fall, an hour is repeated, which may appear as duplicate entries or cause inconsistencies in the dataset.

2011 https://www.timeanddate.com/time/change/usa?year=2011

Sunday, 13 March 2011, 02:00:00 clocks were turned forward 1 hour to Sunday, 13 March 2011, 03:00:00 local daylight time instead Sunday, 6 November 2011, 02:00:00 clocks were turned backward 1 hour to Sunday, 6 November 2011, 01:00:00 local standard time instead 2012 <a href="https://www.timeanddate.com/time/change/usa?year=2012">https://www.timeanddate.com/time/change/usa?year=2012</a>

Sunday, 11 March 2012, 02:00:00 clocks were turned forward 1 hour to Sunday, 11 March 2012, 03:00:00 local daylight time instead Sunday, 4 November 2012, 02:00:00 clocks were turned backward 1 hour to Sunday, 4 November 2012, 01:00:00 local standard time instead Influence

Sunday 4 November 2011, 1 should appear twice / the information is recorded on the same hour

Sunday 6 November 2012, 1 should appear twice / the information is recorded on the same hour

Sunday, 13 March 2011, 2am should appear with 0 cnt or shouldnt appear

Sunday, 11 March 2012, 2am should appear with 0 cnt or shouldnt appear

```
13/04/2025, 18:47
   check_dates = {
        '2011-03-13': 2,
        '2012-03-11': 2,
        '2011-11-06': 2,
        '2012-11-04': 2,
   }
   # Revisar cada fecha y hora
   for date_str, hour in check_dates.items():
       specific_rows = df_copy[(df_copy['dteday'] == date_str) & (df_copy['hr'] == hour)]
       print(f"\nChecking for {date_str} at hour {hour}:")
       if len(specific_rows) == 0:
           print("No records found.")
       elif len(specific_rows) == 1:
           print("Record found once.")
           print(specific_rows[['dteday', 'hr', 'cnt', 'datetime']])
       elif len(specific_rows) == 2:
           print("Record found twice (expected for Fall Back).")
           print(specific_rows[['dteday', 'hr', 'cnt', 'datetime']])
       else:
           print(f"▲ Found {len(specific_rows)} records. Unexpected count.")
           print(specific_rows[['dteday', 'hr', 'cnt', 'datetime']])
    →*
        Checking for 2011-03-13 at hour 2:
        No records found.
        Checking for 2012-03-11 at hour 2:
        No records found.
        Checking for 2011-11-06 at hour 2:
        Record found once.
                  dteday hr
                              cnt
                                             datetime
                              29 2011-11-06 02:00:00
             2011-11-06
                           2
        Checking for 2012-11-04 at hour 2:
        Record found once.
                   dteday hr cnt
        15993 2012-11-04
                           2 37 2012-11-04 02:00:00
```

So, in reality we would may only be missing 163 records.

In order to extract missing information, the original source dataset mentioned in the README file was accessed, which is available at Capital Bikeshare - http://capitalbikeshare.com/system-data.

By accessing this source, the previously extracted missing dates of the missing records are compared to the dates on the dataset and the associated information is retrieved.

Since the source dataset has a different structure to the UCI dataset, the Start date was considered as the datetime in the hourly aggregation, assuming that the UCI dataset likely grouped trips based on when they started rather than ended.

The following code converts the trip start times into a datetime format and rounds them to the hour, so all trips are grouped by the hour they started:

```
def process_missing_dates():
   # Path to the folder containing the files
   folder_path = '2012-capitalbikeshare-tripdata'
   # Load the 2011 file
   raw_data_2011 = pd.read_csv('2011-capitalbikeshare-tripdata.csv')
   # Load all 2012 files and combine them
   all_files = ['2012Q1-capitalbikeshare-tripdata.csv',
                 '2012Q2-capitalbikeshare-tripdata.csv',
                 '2012Q3-capitalbikeshare-tripdata.csv'
                 '2012Q4-capitalbikeshare-tripdata.csv']
   # Load all files and concatenate them into a single DataFrame
   data_frames = [raw_data_2011]
   for file in all_files:
        file_path = os.path.join(folder_path, file)
        data_frames.append(pd.read_csv(file_path))
   # Concatenate all data frames into a single DataFrame
   raw_data = pd.concat(data_frames, ignore_index=True)
   # Convert 'Start date' to datetime
   raw_data['Start date'] = pd.to_datetime(raw_data['Start date'])
```

```
# Create a 'datetime' column with hour precision
   raw_data['datetime'] = raw_data['Start date'].dt.floor('h')
   # Count bike rentals per hour
   rentals_per_hour = raw_data.groupby('datetime').size().reset_index(name='cnt')
   # Load missing records
   missing_records = pd.read_csv('missing_dates.csv')
   missing_records['datetime'] = pd.to_datetime(missing_records['datetime'])
   # Create a complete datetime range for each missing date
   all_hours = []
   for date in missing_records['datetime'].unique():
       # Create a range of hours for this date
        hours = pd.date_range(start=date, end=date + pd.Timedelta(hours=23), freq='h')
       all hours.extend(hours)
   # Create a DataFrame with all hours for missing dates
   missing_hours_df = pd.DataFrame({'datetime': all_hours})
   # Merge with the rental counts
   missing_hours_with_counts = pd.merge(
       missing_hours_df,
       rentals_per_hour,
       on='datetime',
       how='left'
   )
   # Fill missing counts with 0
   missing_hours_with_counts['cnt'] = missing_hours_with_counts['cnt'].fillna(0)
   # Add date and hour columns for better readability
   missing_hours_with_counts['date'] = missing_hours_with_counts['datetime'].dt.date
   missing_hours_with_counts['hour'] = missing_hours_with_counts['datetime'].dt.hour
   # Reorder columns
   missing_hours_with_counts = missing_hours_with_counts[['datetime', 'date', 'hour', 'cnt']]
   # Save to CSV
   \verb|missing_hours_with_counts.to_csv('missing_dates_with_counts.csv', index=False)| \\
   return missing_hours_with_counts
# Execute the function
result_df = process_missing_dates()
print("Missing dates with counts have been saved to 'missing_dates_with_counts.csv'")
print("\nFirst few rows of the result:")
print(result_df.head())
→ Missing dates with counts have been saved to 'missing_dates_with_counts.csv'
    First few rows of the result:
                 datetime
                                 date hour
                                               cnt
    0 2011-01-02 05:00:00 2011-01-02
                                          5
                                              0.0
    1 2011-01-02 06:00:00
                           2011-01-02
                                           6
                                              2.0
    2 2011-01-02 07:00:00 2011-01-02
                                              1.0
    3 2011-01-02 08:00:00
                           2011-01-02
                                          8
                                              8.0
    4 2011-01-02 09:00:00 2011-01-02
                                          9 19.0
```

This code checks if some timestamps marked as missing actually had trips recorded in the source data, suggesting they weren't truly missing.

```
# Load the original missing dates and the file with counts
missing_dates = pd.read_csv('missing_dates.csv')
missing_dates_with_counts = pd.read_csv('missing_dates_with_counts.csv')

# Ensure the 'datetime' columns are in datetime format
missing_dates['datetime'] = pd.to_datetime(missing_dates['datetime'])
missing_dates_with_counts['datetime'] = pd.to_datetime(missing_dates_with_counts['datetime'])

# Check if all rows in missing_dates_with_counts corresponding to missing_dates have 'cnt' == 0
check = missing_dates_with_counts[missing_dates_with_counts['datetime'].isin(missing_dates['datetime'])]

# Check if all 'cnt' values are 0
non_zero_missing = check[check['cnt'] != 0]

# Display them
print("These 'missing' datetimes actually had non-zero trip counts:")
print(non_zero_missing[['datetime', 'cnt']])
```

```
These 'missing' datetimes actually had non-zero trip counts:
datetime cnt
2784 2012-01-10 03:00:00 1.0
```

Since apparently all missing dates in the UCI Bike Sharing Dataset are also missing in the source data (but for one) it was checked if there were any 0 values in the cnt column in UCI Dataet. This is done in order to verify if the missing entries are trully error with the logs or periods of inactivity. If 0 values are present, the missing logs will be considered as errors. However, if no 0 values are present it will be assumed that the missing entries actually represent periods of inactivity - no bike rentals during the hour / day.

```
df['cnt'].min()
```



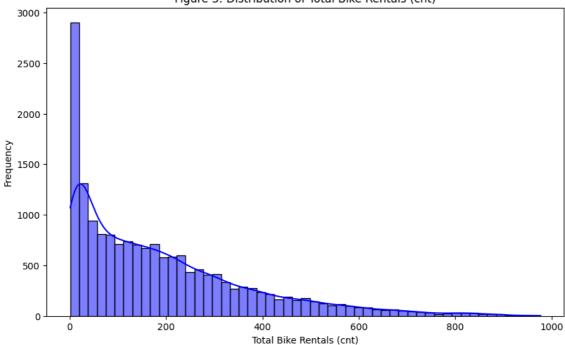
Note that this analysis only works under the assumption that the UCI Bike Share Dataset has computed cnt based on the start time of the bike rentals.

## → 1.1 Variable Count

```
# cnt Distribution
plt.figure(figsize=(10, 6))
sns.histplot(df['cnt'], kde=True, color='blue')
plt.title('Figure 3: Distribution of Total Bike Rentals (cnt)')
plt.xlabel('Total Bike Rentals (cnt)')
plt.ylabel('Frequency')
plt.show()
```

**→** 

Figure 3: Distribution of Total Bike Rentals (cnt)

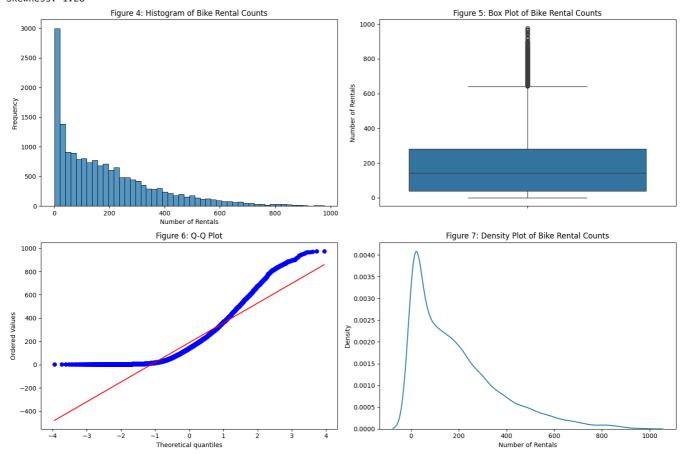


The distribution shows to be extremely right skewed

```
# Basic statistics
print("Basic Statistics of 'cnt':")
print(df['cnt'].describe())
    Basic Statistics of 'cnt':
    count
              17379.000000
    mean
                189.463088
                181.387599
    std
                  1.000000
    min
                 40.000000
    50%
                142.000000
    75%
                281.000000
                977.000000
    max
    Name: cnt, dtype: float64
# Calculate skewness
skewness = df['cnt'].skew()
```

```
print(f"\nSkewness: {skewness:.2f}")
plt.figure(figsize=(15, 10))
# 1. Histogram
plt.subplot(2, 2, 1)
sns.histplot(data=df, x='cnt', bins=50)
plt.title('Figure 4: Histogram of Bike Rental Counts')
plt.xlabel('Number of Rentals')
plt.ylabel('Frequency')
# 2. Box plot
plt.subplot(2, 2, 2)
sns.boxplot(y=df['cnt'])
plt.title('Figure 5: Box Plot of Bike Rental Counts')
plt.ylabel('Number of Rentals')
# 3. Q-Q plot
plt.subplot(2, 2, 3)
stats.probplot(df['cnt'], dist="norm", plot=plt)
plt.title('Figure 6: Q-Q Plot')
# 4. Density plot
plt.subplot(2, 2, 4)
sns.kdeplot(data=df, x='cnt')
plt.title('Figure 7: Density Plot of Bike Rental Counts')
plt.xlabel('Number of Rentals')
plt.tight_layout()
plt.show()
# Additional analysis
print("\nAdditional Analysis:")
# Count of zero values
zero_count = (df['cnt'] == 0).sum()
print(f"Number of zero values: {zero_count} ({zero_count/len(df)*100:.2f}%)")
# Count of outliers (using IQR method)
Q1 = df['cnt'].quantile(0.25)
Q3 = df['cnt'].quantile(0.75)
IQR = Q3 - Q1
# Regular Outliers (1.5 \times IQR rule)
outliers = df[(df['cnt'] < (Q1 - 1.5 * IQR))] (df['cnt'] > (Q3 + 1.5 * IQR))]
# Extreme Outliers (3.0 × IQR rule)
extreme_outliers = df[(df['cnt'] < (Q1 - 3 * IQR)) | (df['cnt'] > (Q3 + 3 * IQR))]
print(f"Number of Outliers: {len(outliers)} ({len(outliers)/len(df)*100:.2f}%)")
print(f"Number of Extreme Outliers: \{len(extreme\_outliers)\} \ (\{len(extreme\_outliers)/len(df)*100:.2f\}%)")
print(f"Range of values: {df['cnt'].min()} to {df['cnt'].max()}")
```





```
Additional Analysis:
Number of zero values: 0 (0.00%)
Number of Outliers: 505 (2.91%)
Number of Extreme Outliers: 0 (0.00%)
Range of values: 1 to 977
```

```
mean_cnt = df['cnt'].mean()
std_cnt = df['cnt'].std()
cv = (std_cnt / mean_cnt) * 100

print(f"Mean: {mean_cnt}")
print(f"Standard Deviation: {std_cnt}")
print(f"Coefficient of Variation (CV): {cv:.2f}%")

The Mean: 189.46308763450142
    Standard Deviation: 181.38759909186473
    Coefficient of Variation (CV): 95.74%
```

As seen on the measure of Skewness and justified by graphs, the data is highly right skewed (1.28). The coefficient of variation indicates that the variability of the data is also very high which needs to be taken into consideration for transformations like logarithmic to stabilize variance and reduce skewness.

Such skewness and variability can result in non-linearity between predictors and the target, making it difficult for a linear regression model to accurately capture relationships. Additionally, high variability often implies heteroscedasticity, where the variance of residuals is not constant, potentially leading to unreliable predictions. Furthermore, the presence of outliers can disproportionately influence model performance, making the model less robust.

Transforming the target can help stabilize variance, reduce the influence of outliers, and produce more normally distributed residuals, which is essential for improving linear regression accuracy, interpretability, and reliability.

Moreover, since the cnt variable does not contain 0 counts, there will be no problems with defining this transformation (the logarithm of 0 is undefined)

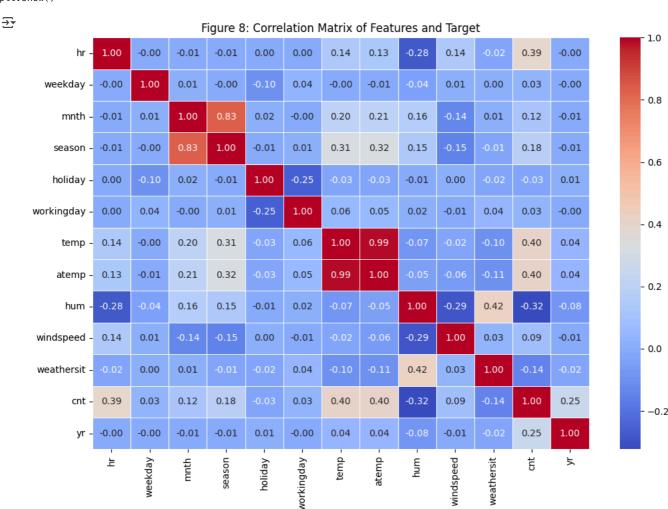
```
# Checking for invalid values
invalid_counts = len(df[df['cnt'] < 0])
print(f'Invalid Negative Counts: {invalid_counts}')

Translid Negative Counts: 0</pre>
```

## → 1.2 Exploring Influences

#### Correlation Matrix

```
# Compute the correlation matrix
corr = df[['hr', 'weekday', 'mnth', 'season', 'holiday', 'workingday', 'temp', 'atemp', 'hum', 'windspeed', 'weathersit', 'c
# Plot the correlation heatmap
plt.figure(figsize=(12, 8))
sns.heatmap(corr, annot=True, cmap='coolwarm', fmt='.2f', linewidths=0.5)
plt.title('Figure 8: Correlation Matrix of Features and Target')
plt.show()
```



## Feature Correlation Analysis:

## 1. temp and atemp

have a near-perfect positive correlation (0.99). This is expected as both represent temperature in one different ways (feeling vs actual). One of them will be considered to be dropped as including both of these features in your model could cause multicollinearity issues, which may affect linear models' performance and interpretability. (atemp)

## 2. mnth and season

are highly correlated (0.83). This makes sense because months are divided into seasons. Season has a higher correlation with cnt than month so month will be considered to be dropped.

Correlation with Target Variable:

#### 1. temp and atemp

show a moderate positive correlation with cnt (0.40 each). Meaning that higher temperatures are associated with higher bike rentals, which is intuitive since people prefer biking in warmer weather.

2 hr

shows a moderate positive correlation with cnt (0.39). This is likely due to specific hours of the day having higher rental activity (e.g., rush hours).

3. hum

shows a moderate negative correlation with cnt (-0.32), indicating that higher humidity may discourage bike rentals.

4. windspeed

shows a weak positive correlation (0.09) which implies it might have a small impact on the bike rentals.

5. weathersit

shows a negative correlation (-0.14), suggesting bad weather conditions are associated with fewer bike rentals. This is a pretty low correlation with the target variable, however an interaction term between humidity and weather situation could be worth conidering since they have a correlation of 0.44

6. holiday (Correlation = -0.03), workingday (Correlation = 0.03), weekday (Correlation = 0.03) have a very low correlation with the target so they could also be worth dropping.

## → 1.3 Relationships

#### Interactions

To identify meaningful interaction effects in the dataset, a statistical approach was applied. First, a copy of the dataset was created, and all numerical features (excluding the target cnt) were selected. Then, all possible pairwise combinations of these numerical features were generated to form new interaction terms. These interaction terms were added as new columns to the dataset. Next, a linear regression model was fitted using statsmodels.OLS, including all original and interaction features. This model allowed to examine the statistical significance (p-values) of each interaction term. Features and interactions with p-values below 0.05 were considered statistically significant, suggesting they may carry important combined effects on the target variable.

```
df_interaction = df.copy()
numeric_features = df_interaction.select_dtypes(include='number').columns.tolist()
numeric_features.remove('cnt') # Ensure target is excluded
# Interaction Terms
interaction data = {}
for f1, f2 in combinations(numeric_features, 2):
    interaction\_col = f'{f1}_x_{f2}'
    interaction_data[interaction_col] = df_interaction[f1] * df_interaction[f2]
interaction_df = pd.DataFrame(interaction_data)
df_interaction = pd.concat([df_interaction, interaction_df], axis=1)
X = df_interaction.drop(columns='cnt').select_dtypes(include='number')
X = sm.add\_constant(X)
X = X.dropna()
y = df_interaction.loc[X.index, 'cnt']
# Fit linear model
model = sm.OLS(y, X).fit()
# Model summary and significant features
print(model.summary())
```

## OLS Regression Results

```
______
Dep. Variable:
                            cnt
                                 R-squared:
                                                             1.000
Model:
                            0LS
                                 Adj. R-squared:
                                                             1.000
Method:
                    Least Squares
                                 F-statistic:
                                                          6.378e+24
Date:
                 Sun, 13 Apr 2025
                                 Prob (F-statistic):
                                                              0.00
Time:
                        18:42:31
                                 Log-Likelihood:
                                                         3.3801e+05
No. Observations:
                           17379
                                                         -6.758e+05
                                 AIC:
Df Residuals:
                           17259
                                 BIC:
                                                         -6.749e + 05
Df Model:
```

5,18:47 Covariance Type:	nonrobus		ssignment_2_ <f< th=""><th>cacrica_cas</th><th>om[easom;py</th><th>no Colao</th></f<>	cacrica_cas	om[easom;py	no Colao
======================================					========	
	coef	std err	t	P> t	[0.025	0.97
const	-7.272e-11	2.28e-10	-0.319	0.749	-5.19e-10	3.73e-
instant	-2.454e-14	2.21e-13	-0.111	0.911	-4.57e-13	4.08e-
season	2.563e-11	1.03e-10	0.249	0.803	-1.76e-10	2.27e-
yr	2.561e-12	1.89e-09	0.001	0.999	-3.71e-09	3.71e-
mnth	8.984e-13	1.59e-10	0.006	0.995	-3.11e-10	3.13e-
hr	2.25e-12	7.31e-12	0.308	0.758	-1.21e-11	1.66e-
holiday	6.632e-12	2.82e-10	0.024	0.981	-5.45e-10	5.59e-
weekday	8.609e-12	2.19e-11	0.393	0.695	-3.44e-11	5.16e-
workingday	2.852e-11	1.13e-10	0.253	0.800	-1.92e-10	2.5e-
weathersit	2.566e-11	8.56e-11	0.300	0.764	-1.42e-10	1.94e-
temp	1.786e-11	1.81e-09	0.010	0.992	-3.53e-09	3.57e-
atemp	6.979e-12	2.01e-09	0.003	0.997	-3.92e-09	3.94e-
hum	3.962e-11	2.77e-10	0.143	0.886	-5.03e-10	5.82e-
windspeed	1.121e-11	3.97e-10	0.028	0.977	-7.67e-10	7.9e-
casual	1.0000	1.88e-12	5.33e+11	0.000	1.000	1.0
registered	1.0000	5.68e-13	1.76e+12	0.000	1.000	1.0
instant_x_season	9.804e-17	3.31e-14	0.003	0.998	-6.48e-14	6.5e-
instant_x_yr	2.931e-14	6.74e-14	0.435	0.664	-1.03e-13	1.61e-
instant_x_mnth	9.926e-16	2.68e-15	0.371	0.711	-4.25e-15	6.24e-
instant_x_hr	6.546e-16	5.14e-15	0.127	0.899	-9.41e-15	1.07e-
instant_x_holiday	7.844e-15	2.41e-13	0.033	0.974	-4.64e-13	4.79e-
instant_x_weekday	-2.58e-16	1.6e-14	-0.016	0.987	-3.16e-14	3.11e-
instant_x_workingday	-3.396e-16	8.13e-14	-0.004	0.997	-1.6e-13	1.59e-
instant_x_weathersit	6.292e-16	5.7e-14	0.011	0.991	-1.11e-13	1.12e-
instant_x_temp	8.605e-15	1.4e-12	0.006	0.995	-2.74e-12	2.76e-
instant_x_atemp	-6.92e-15	1.59e-12	-0.004	0.997	-3.13e-12	3.12e-
instant_x_hum	-4.679e-15	2.19e-13	-0.021	0.983	-4.34e-13	4.25e-
instant_x_windspeed	-6.484e-15	2.92e-13	-0.022	0.982	-5.78e-13	5.65e-
instant_x_casual	-3.375e-16	1e-15	-0.336	0.737	-2.31e-15	1.63e-
instant_x_registered	-2.937e-16	2.86e-16	-1.028	0.304	-8.54e-16	2.66e-
season_x_yr	-8.98e-13	2.9e-10	-0.003	0.998	-5.7e-10	5.68e-
season_x_mnth	7.569e-14	2.48e-11	0.003	0.998	-4.86e-11	4.87e-
season_x_hr	-1.42e-13	1.74e-12	-0.082	0.935	-3.55e-12	3.27e-
season_x_holiday	-3.412e-12	6.28e-11	-0.054	0.957	-1.27e-10	1.2e-
season_x_weekday	-6.366e-12	5.84e-12	-1.091	0.275	-1.78e-11	5.08e-
season_x_workingday	-1.101e-12	2.82e-11	-0.039	0.969	-5.63e-11	5.41e-
season_x_weathersit	-4.079e-13	2.02e-11	-0.020	0.984	-4e-11	3.91e-
season_x_temp	-6.686e-12	5.76e-10	-0.012	0.991	-1.14e-09	1.12e-
season_x_atemp	-4.49e-12	6.33e-10	-0.007	0.994	-1.25e-09	1.24e-
season_x_hum	1.743e-12	8.84e-11	0.020	0.984	-1.72e-10	1.75e-
season_x_windspeed	5.912e-12	1.07e-10	0.055	0.956	-2.04e-10	2.15e-
season_x_casual	-8.848e-15	5.02e-13	-0.018	0.986	-9.92e-13	9.74e-
season_x_registered	1.872e-14	1.46e-13	0.128	0.898	-2.68e-13	3.06e-
yr x mnth	-2.938e-11	5.55e-11	-0.529	0.597	-1.38e-10	7.94e-

```
# Significant features (p < 0.05)
significant_features = model.pvalues[model.pvalues < 0.05].sort_values()
print(significant_features)</pre>
```

```
casual 0.0 registered 0.0 holiday_x_workingday dtype: float64
```

Interactions that will be further explored:

The p-value for hr\_x\_workingday is extremely low: 5.97e-14, meaning this interaction is highly statistically significant in predicting bike count. Commuting behavior is very different on weekdays vs weekends. Rush hours (like 8 or 17) are meaningful only on working days. On weekends, demand shifts to mid-day leisure rides.

On the other hand, multiple highly significant interaction terms involve temperature and humidity (such as workingday  $\times$  hum, temp  $\times$  atemp, and hr  $\times$  hum). This means that they do not impact bike demand on their own, their effect changes depending on the context. Hence, introducing temp  $\times$  hum helps capture a meaningful interaction. From an interpretability perspective, it is understood that people are more likely to ride bikes when it is warm and dry, while high humidity during hot weather may discourage usage due to discomfort. Which makes the inclusion of a temp  $\times$  hum worth for further analysis.

average hourly bike demand during the week, month, day

```
fig, axes = plt.subplots(1, 3, figsize=(18, 6))
fig.suptitle('Average Hourly Bike Demand Across Different Features', fontsize=20)

# Plot 1: Average Demand During the Week (weekday)
sns.lineplot(ax=axes[0], x='weekday', y='cnt', data=df, estimator='mean', errorbar=None)
axes[0].set_title('Figure 9: Average Demand During the Week', fontsize=16)
axes[0].set_xlabel('Weekday (0 = Monday, 6 = Sunday)', fontsize=14)
axes[0].set_ylabel('Average Bike Rentals', fontsize=14)

# Plot 2: Average Demand During the Month (mnth)
sns.lineplot(ax=axes[1], x='mnth', y='cnt', data=df, estimator='mean', errorbar=None)
```

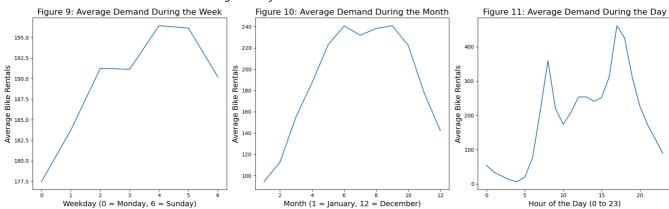
```
axes[1].set_title('Figure 10: Average Demand During the Month', fontsize=16)
axes[1].set_xlabel('Month (1 = January, 12 = December)', fontsize=14)
axes[1].set_ylabel('Average Bike Rentals', fontsize=14)

# Plot 3: Average Demand During the Day (hr)
sns.lineplot(ax=axes[2], x='hr', y='cnt', data=df, estimator='mean', errorbar=None)
axes[2].set_title('Figure 11: Average Demand During the Day', fontsize=16)
axes[2].set_xlabel('Hour of the Day (0 to 23)', fontsize=14)
axes[2].set_ylabel('Average Bike Rentals', fontsize=14)

plt.tight_layout()
plt.show()
```



## Average Hourly Bike Demand Across Different Features



"Average Demand During the Day" shows clear patterns by hour, with sharp peaks for typical commuting hours. These spikes strongly suggest that people use bikes for work related travel during weekdays.

Meanwhile, "Average Demand During the Week" shows a relatively consistent demand throughout the weekdays, with only slight differences, indicating that weekday alone might not capture the entire variation. This leads to the idea that hourly demand might vary depending on whether it's a working day or weekend.

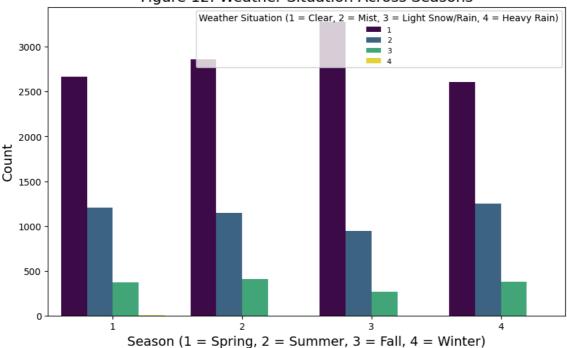
This is further explored in "hour and working day"

#### wheather situation across seasons

```
plt.figure(figsize=(10, 6))
sns.countplot(x='season', hue='weathersit', data=df, palette='viridis')
plt.title('Figure 12: Weather Situation Across Seasons', fontsize=16)
plt.xlabel('Season (1 = Spring, 2 = Summer, 3 = Fall, 4 = Winter)', fontsize=14)
plt.ylabel('Count', fontsize=14)
plt.legend(title='Weather Situation (1 = Clear, 2 = Mist, 3 = Light Snow/Rain, 4 = Heavy Rain)', fontsize= 8)
plt.show()
```

₹

Figure 12: Weather Situation Across Seasons



Weather situations across all four seasons appears quite stable. There does not appear to be a strong or distinct relationship between season and weather situation.

Note: Heavy Rain needs to be explored in "1.4 Patterns, Outliers and Anomalies"

## temp and humidity

```
df_copy = df.copy()

# Define temperature and humidity bins on the copied dataframe

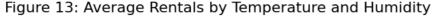
df_copy['temp_range'] = pd.cut(df_copy['temp'], bins=3, labels=['Low', 'Medium', 'High'])

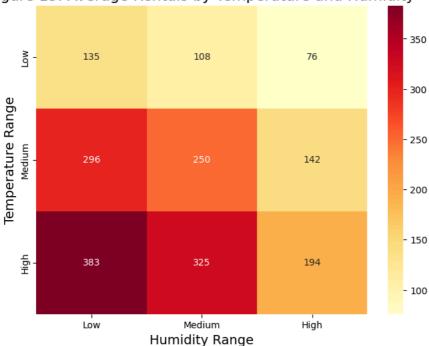
df_copy['hum_range'] = pd.cut(df_copy['hum'], bins=3, labels=['Low', 'Medium', 'High'])

# Calculate average rentals per bin combination
pivot_table = df_copy.pivot_table(values='cnt', index='temp_range', columns='hum_range', aggfunc='mean')

# Plot the heatmap
plt.figure(figsize=(8, 6))
sns.heatmap(pivot_table, annot=True, fmt=".0f", cmap="YlOrRd")
plt.title('Figure 13: Average Rentals by Temperature and Humidity', fontsize=16)
plt.xlabel('Humidity Range', fontsize=14)
plt.ylabel('Temperature Range', fontsize=14)
plt.show()
```

/var/folders/\_l/fwt\_9dvs30g55rs94h95qn8w0000gn/T/ipykernel\_46471/2045363877.py:8: FutureWarning: The default value of ob pivot\_table = df\_copy.pivot\_table(values='cnt', index='temp\_range', columns='hum\_range', aggfunc='mean')





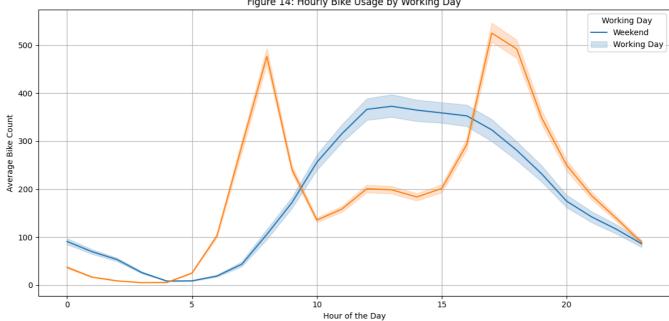
The heatmap illustrates how bike rental counts vary depending on combinations of temperature and humidity levels, revealing a potential interaction effect between these two variables. As seen in the plot, high temperatures combined with low humidity correspond to the highest average rentals, while high humidity appears to negatively impact rentals irrespective of temperature. For example, bike usage drops significantly when humidity is high even if the temperature is favorable. This pattern suggests that the influence of temperature on bike rentals is not constant but instead depends on the level of humidity. So, incorporating an interaction term between temperature and humidity allows the model to better capture this relationship and improve prediction accuracy.

## hour and working day

```
plt.figure(figsize=(12, 6))
sns.lineplot(data=df, x='hr', y='cnt', hue='workingday', estimator='mean')
plt.title('Figure 14: Hourly Bike Usage by Working Day')
plt.xlabel('Hour of the Day')
plt.ylabel('Average Bike Count')
plt.legend(title='Working Day', labels=['Weekend', 'Working Day'])
plt.grid(True)
plt.tight_layout()
plt.show()
```







The line plot reveals distinct patterns in bike usage between working days and weekends, indicating a strong interaction between the hour of the day and the workingday variable. On working days, the orange line displays two sharp peaks: one around 8 and another near 17–8, corresponding to typical commuting hours. In contrast, the blue line for weekends shows a single, broader peak occurring around midday to early afternoon, reflecting more leisurely usage. This divergence in shape implies that the effect of hour on bike rentals depends on whether the day is a working day or not.

## 1.4 Patterns, Outliers and Anomalies

```
#CATEGORICAL FEATURES
# List of categorical features to plot
categorical_features = ['season', 'yr', 'mnth', 'hr', 'holiday', 'weekday', 'workingday', 'weathersit']

fig, axes = plt.subplots(3, 3, figsize=(20, 15))
fig.suptitle('Figure 15: Distribution of Categorical Features', fontsize=22)

axes = axes.flatten()

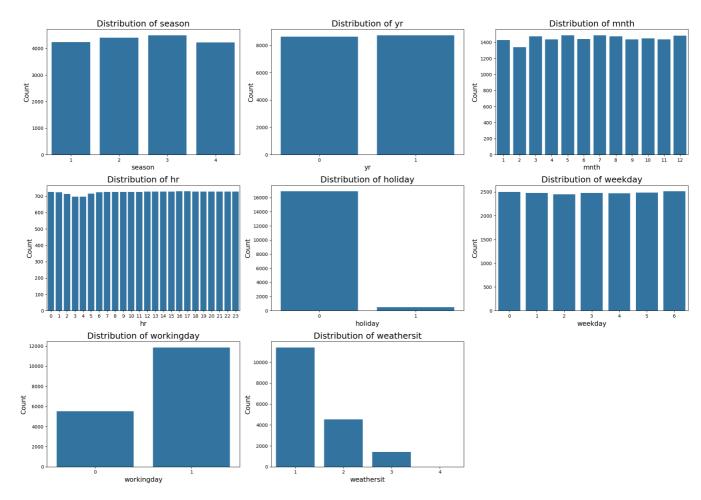
for i, feature in enumerate(categorical_features):
    sns.countplot(data=df, x=feature, ax=axes[i])
    axes[i].set_title(f'Distribution of {feature}', fontsize=18)
    axes[i].set_xlabel(feature, fontsize=14)
    axes[i].set_ylabel('Count', fontsize=14)

if len(categorical_features) < len(axes):
    fig.delaxes(axes[-1])

plt.tight_layout(rect=[0, 0, 1, 0.96])
plt.tshow()</pre>
```



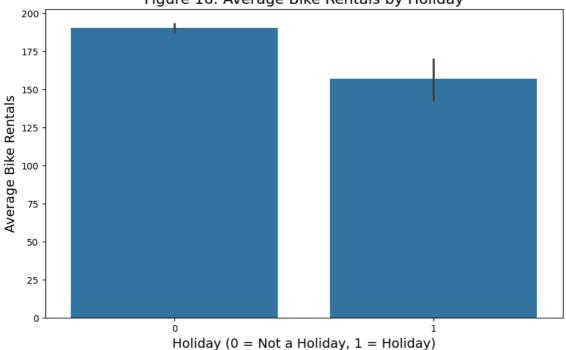
Figure 15: Distribution of Categorical Features



```
plt.figure(figsize=(10, 6))
sns.barplot(x='holiday', y='cnt', data=df, estimator='mean')
plt.title('Figure 16: Average Bike Rentals by Holiday', fontsize=16)
plt.xlabel('Holiday (0 = Not a Holiday, 1 = Holiday)', fontsize=14)
plt.ylabel('Average Bike Rentals', fontsize=14)
plt.show()
```

₹

Figure 16: Average Bike Rentals by Holiday

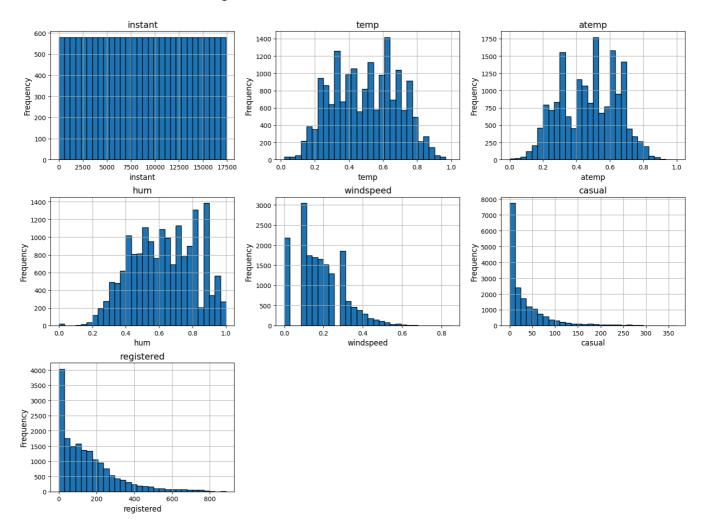


Despite the fact that holidays are only about 2.88% of the data (500 entries vs. 16879 non-holidays), the average number of bike rentals on holidays is similar to that of non-holidays. If holidays were truly unimportant, you would expect the rental numbers to drop significantly.

```
#NUMERICAL FEATURES
numerical_features = ['instant', 'temp', 'atemp', 'hum', 'windspeed', 'casual', 'registered']
n_rows = 3
n_{cols} = 3
fig, axes = plt.subplots(n_rows, n_cols, figsize=(15, 12))
fig.suptitle('Figure 17: Distribution of Numerical Features', fontsize=20)
axes = axes.flatten()
for i, feature in enumerate(numerical_features):
   axes[i].hist(df[feature], bins=30, edgecolor='black')
   axes[i].set_title(f'{feature}', fontsize=14)
   axes[i].set_xlabel(feature, fontsize=12)
   axes[i].set_ylabel('Frequency', fontsize=12)
   axes[i].grid(True)
for j in range(len(numerical_features), len(axes)):
   axes[j].set_visible(False)
plt.tight_layout()
plt.subplots_adjust(top=0.9)
plt.show()
```



Figure 17: Distribution of Numerical Features



The distribution of the windspeed is right skewed and the variable shows an unusually large spike at 0, suggesting that a significant number of windspeed readings are either missing or defaulted to zero. In real world it is wierd for winspeed to be exactly 0. This could distort the model's understanding of how wind affects bike rentals, especially if zero doesn't truly represent calm conditions. Dropping the variable is considered.

#### wheathersit

df["weathersit"].value\_counts()

weathersit
1 11413
2 4544
3 1419
4 3

Name: count, dtype: int64

Since there are only 3 "heavy\_rain" events, we cannot use this category to train machine learning models with cross validation. Instead, we simplify the representation by collapsing those into the "rain" category.

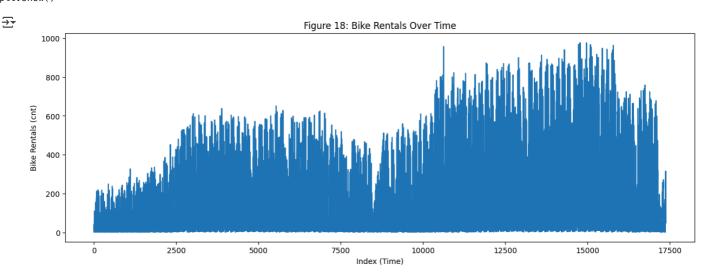
In The provided Information about the wheathersit there is no explanation for the fourth category, however they appear to be ranging from best 1 to worst 4 so we will collapse 4 with 3

```
# Replace all occurrences of '4' in the 'weathersit' column with '3'
df['weathersit'] = df['weathersit'].replace(4, 3)
df['weathersit'].value_counts()
→
    weathersit
          11413
     1
     2
           4544
           1422
    Name: count, dtype: int64
df["season"].value_counts()
\rightarrow
    season
          4496
          4409
          4242
          4232
    Name: count, dtype: int64
df["holiday"].value_counts()
    holiday
          16879
            500
    Name: count, dtype: int64
```

#### Rentals Over time

Index is used as time

```
plt.figure(figsize=(15, 5))
sns.lineplot(x=df.index, y='cnt', data=df)
plt.title('Figure 18: Bike Rentals Over Time')
plt.xlabel('Index (Time)')
plt.ylabel('Bike Rentals (cnt)')
plt.show()
```



There's a noticeable increase in bike usage over time, especially in the second half of the dataset. This could be due to rising popularity of the business or more bikes introduced.

There are several sharp drops or flat-line sections (especially around indices 8500 and 17300) that might indicate missing data or reduced activity due to weather impact.

There are spikes throughout probably due to rush hour peaks, weekends and weekdays.

## ✓ 1.5 Columns Drop

## Casual and Registered

The features Casual and Registered are directly linked to our target variable "cnt" as they represent two distinct categories of users: casual users (Single Trip, 24-Hour Pass, 3-Day Pass or 5-Day Pass) and registered users (Annual Member, 30-Day Member or Day Key Member) since they both represent the count of users either registered or casual. Since supposedly one bike is rented by one person The sum of Casual + Registered = cnt

· extracted from https://capitalbikeshare.com/system-data

#### **EXTRACT INFO**

```
# Check if the sum of 'casual' and 'registered' equals 'cnt' for all rows
check = (df['casual'] + df['registered']) == df['cnt']

# Count the number of rows where the condition is True
true_count = check.sum()

# Count the total number of rows in the dataset
total_count = len(df)

# Display results
if true_count == total_count:
    print(f"The condition holds true for all {total_count} rows.")
else:
    print(f"The condition does NOT hold true for all rows.")
    print(f"Number of rows where the condition fails: {total_count - true_count}")

The condition holds true for all 17379 rows.

df.drop(columns=["casual","registered"], inplace=True)
```

#### Instant and dtedat

#### Instant:

Instant holds 17379 and, accordingly, is described as an ID for record index. Since this provides no meaningful information, and may in fact introduce noise it is meaningful to drop it. Moreover, since instant increases sequentially, it is highly correlated with time progression in the dataset. Using it as a feature would leak information about the order of entries without providing any real insights about the bike rentals themselves.

#### dteday:

A model cannot directly interpret a date string (YYYY-MM-DD) without additional processing and the dataset already has other features that capture important temporal information: yr. mnth, etc. including dteday introduces redundancy.

Transforming the datetime column into separate numerical components (such as hour, day, month, and year) enables the model to understand how each temporal aspect individually influences the target variable (cnt). This separation allows for more flexible manipulation of each feature, which can improve model accuracy. Additionally, splitting time allows for the creation of meaningful interaction terms like hour and working day.

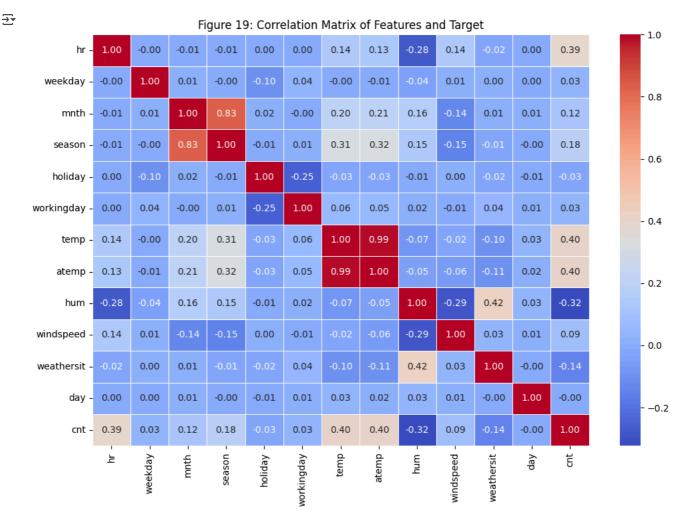
To proceed the day will be extracted from dteday.

df.head()

dateti	cnt	windspeed	hum	atemp	temp	weathersit	workingday	weekday	holiday	hr	mnth	yr	season	dteday	instant	3
2011-0	16	0.0	0.01	0.2070	0.24	1	0	6	0	0	4	0	4	2011-	4	•
00:00:	10	0.0	0.01	0.2019	0.24	'	U	0	U	U	'	U	'	01-01	'	U
2011-0	40	0.0	0.00	0 0707	0.22	1	0	6	0	4	1	0	1	2011-	0	
01:00:	40	0.0	0.60	0.2727	0.22	'	U	0	U	'	'	U	'	01-01	2	'
2011-0	32	0.0	N 8N	N 9797	N 22	1	Ω	6	Λ	2	1	Ω	1	2011-	3	2

df.drop(columns=["instant","dteday"], inplace=True)

```
# Compute the correlation matrix
corr = df[['hr', 'weekday', 'mnth', 'season', 'holiday', 'workingday', 'temp', 'atemp', 'hum', 'windspeed', 'weathersit', 'c
# Plot the correlation heatmap
plt.figure(figsize=(12, 8))
sns.heatmap(corr, annot=True, cmap='coolwarm', fmt='.2f', linewidths=0.5)
plt.title('Figure 19: Correlation Matrix of Features and Target')
plt.show()
```



Since there is no correlation with target variable it is dropped

df.drop(columns=['day'], inplace=True)

## 2. Splitting Dataset

The dataset in split chronologically into training (for model training), validation (for hyperparameter tuning in Random Forest and Gradient Boosting) and testing (for the final evaluation of the model). This means early points are used for training, the next portion for validation and the last portion for testing. This ensures the model is trained on past data and evaluated on future data, avoiding data leakage.

df = df.sort\_values(by=['datetime']).reset\_index(drop=True)

Ensure correct sorting:

df.head(5)

<del></del>		season	yr	mnth	hr	holiday	weekday	workingday	weathersit	temp	atemp	hum	windspeed	cnt	datetime
	0	1	0	1	0	0	6	0	1	0.24	0.2879	0.81	0.0	16	2011-01-01 00:00:00
	1	1	0	1	1	0	6	0	1	0.22	0.2727	0.80	0.0	40	2011-01-01 01:00:00
	2	1	0	1	2	0	6	0	1	0.22	0.2727	0.80	0.0	32	2011-01-01 02:00:00
	3	1	0	1	3	0	6	0	1	0.24	0.2879	0.75	0.0	13	2011-01-01 03:00:00
	4	1	0	1	4	0	6	0	1	0.24	0.2879	0.75	0.0	1	2011-01-01 04:00:00

df.iloc[183:188]

<b>₹</b>		season	yr	mnth	hr	holiday	weekday	workingday	weathersit	temp	atemp	hum	windspeed	cnt	datetime
	183	1	0	1	22	0	6	0	1	0.12	0.1061	0.36	0.3881	34	2011-01-08 22:00:00
	184	1	0	1	23	0	6	0	1	0.10	0.0606	0.39	0.4478	22	2011-01-08 23:00:00
	185	1	0	1	0	0	0	0	1	0.10	0.0758	0.42	0.3881	25	2011-01-09 00:00:00
	186	1	0	1	1	0	0	0	1	0.10	0.0606	0.42	0.4627	12	2011-01-09 01:00:00
	187	1	0	1	2	0	0	0	1	0.10	0.0606	0.46	0.4627	11	2011-01-09 02:00:00

df.tail(5)

_															
$\overline{\Rightarrow}$		season	уr	mnth	hr	holiday	weekday	workingday	weathersit	temp	atemp	hum	windspeed	cnt	datetime
	17374	1	1	12	19	0	1	1	2	0.26	0.2576	0.60	0.1642	119	2012-12-31 19:00:00
	17375	1	1	12	20	0	1	1	2	0.26	0.2576	0.60	0.1642	89	2012-12-31 20:00:00
	17376	1	1	12	21	0	1	1	1	0.26	0.2576	0.60	0.1642	90	2012-12-31 21:00:00
	17377	1	1	12	22	0	1	1	1	0.26	0.2727	0.56	0.1343	61	2012-12-31 22:00:00
	17378	1	1	12	23	0	1	1	1	0.26	0.2727	0.65	0.1343	49	2012-12-31 23:00:00

Two common split strategies were considered: 60% training, 20% validation and 20% test and 80% training, 10% validation and 10% test.

Using an 80% training split is usually preferred for this dataset size (17,378 rows) because it maximizes the information available to the model, especially when modeling temporal dependencies with lag features or cyclic patterns. Tree-based models like Random Forest and Gradient Boosting benefit from more diversity in training to improve their decision-making. While 60-20-20 provides larger validation/test sets, the trade-off is less training context, which could undermine model learning, especially in a time series. An 80-10-10 split is a strong balance between learning capacity and performance evaluation.

The start and end dates for each set are calculated in order to perform a later check that the dataset was correctly split.

```
#Dates for each split
total_rows = len(df)
train_end_index = int(0.8 * total_rows)
valid_end_index = train_end_index + int(0.1 * total_rows)
train_start_date = df['datetime'].iloc[0]
train_end_date = df['datetime'].iloc[train_end_index - 1]
valid_start_date = df['datetime'].iloc[train_end_index]
valid_end_date = df['datetime'].iloc[valid_end_index - 1]
test_start_date = df['datetime'].iloc[valid_end_index]
test_end date = df['datetime'].iloc[-1]
print(f"Training Set: {train_start_date} to {train_end_date}")
print(f"Validation Set: {valid_start_date} to {valid_end_date}")
print(f"Testing Set: {test_start_date} to {test_end_date}")
   Training Set: 2011-01-01 00:00:00 to 2012-08-07 11:00:00
    Validation Set: 2012-08-07 12:00:00 to 2012-10-18 20:00:00
    Testing Set: 2012-10-18 21:00:00 to 2012-12-31 23:00:00
# Dataset Splitting
```

 $train_size = int(0.8 * len(df))$ 

```
valid_size = int(0.1 * len(df))
test_size = len(df) - train_size - valid_size

train_set = df.iloc[:train_size]
valid_set = df.iloc[train_size:train_size + valid_size]
test_set = df.iloc[train_size + valid_size:]

print(f"Training set size: {len(train_set)}")
print(f"Validation set size: {len(valid_set)}")
print(f"Test set size: {len(test_set)}")

Training set size: 13903
   Validation set size: 1737
   Test set size: 1739
```

The first and last rows for each set are checked to confirm the split was done properly.

```
#Correct Split Check
first_row_train = train_set['datetime'].iloc[0]
last_row_train = train_set['datetime'].iloc[-1]
first_row_valid = valid_set['datetime'].iloc[0]
last_row_valid = valid_set['datetime'].iloc[-1]
first_row_test = test_set['datetime'].iloc[0]
last_row_test = test_set['datetime'].iloc[-1]
print(f"Train Set: {first_row_train} to {last_row_train}")
print(f"Validation Set: {first_row_valid} to {last_row_valid}")
print(f"Test Set: {first_row_test} to {last_row_test}")
→ Train Set: 2011-01-01 00:00:00 to 2012-08-07 11:00:00
    Validation Set: 2012-08-07 12:00:00 to 2012-10-18 20:00:00
    Test Set: 2012-10-18 21:00:00 to 2012-12-31 23:00:00
#The variable datetime is dropped, since it was initially added to sort ensure sorting on the time for splitting
train_set = train_set.drop(columns=['datetime'])
valid_set = valid_set.drop(columns=['datetime'])
test_set = test_set.drop(columns=['datetime'])
```

It is important to check that distribution of the target variable remains consistent across the training, validation, and test sets. This consistency ensures that the model is learning and being evaluated on data drawn from the same underlying patterns. If the target distribution shifts significantly between these sets the model may struggle to generalize, leading to poor predictions.

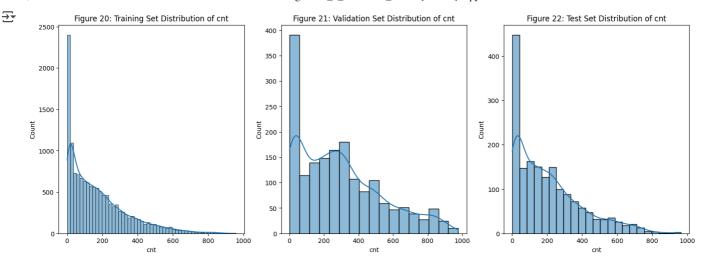
```
# Target distribution plot for each split
plt.figure(figsize=(18, 6))

plt.subplot(1, 3, 1)
sns.histplot(train_set['cnt'], kde=True)
plt.title('Figure 20: Training Set Distribution of cnt')

plt.subplot(1, 3, 2)
sns.histplot(valid_set['cnt'], kde=True)
plt.title('Figure 21: Validation Set Distribution of cnt')

plt.subplot(1, 3, 3)
sns.histplot(test_set['cnt'], kde=True)
plt.title('Figure 22: Test Set Distribution of cnt')

plt.show()
```



The underlying distributions are not the same. However, applying techniques such as stratification, would lead to data leackage. So, in a Time Series this is expected. In order to address this issue and the extreme right skewness of the distributions the variable will be log-transformed.

#### ✓ Log Transformation

Linear Regression benefits from this transformation since it help satisfy its assumption of homoscedasticity, which means the variance of the prediction errors should not be higher or lower depending on whether the target's value is high or low. Since transforming the target compresses the range of values it can take, and makes the distribution more symmetric, it reduces the influence of high values.

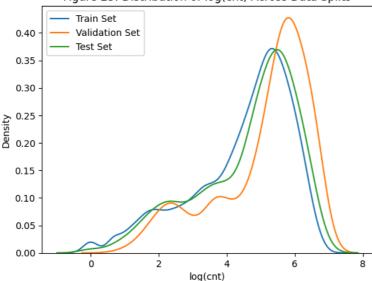
For tree ensemble models, such as Random Forest and Gradient Boosting, logarithmic transformation is usually not required. However, they may benefit from it aswell. These models split data to minimize error (typically mean squared error), and when the target has extreme values, the trees may overemphasize those points, leading to imbalanced splits. Applying a log transformation compresses the range of the target, reducing the influence of large outliers and making the distribution more symmetric. Since the data is highly right skewed, the model could benefit from this transformation by avoiding being greatly influenced by a few very large values.

Applying the log transformation after splitting the data into training, validation, and test sets is important because it prevents data leakage. Each set is transformed independently, which means the model only learns from the training data and is tested on unseen data.

```
# Feature and Target division
x_train = train_set.drop(columns=['cnt'])
y_train = np.log(train_set['cnt'])
x_valid = valid_set.drop(columns=['cnt'])
y_valid = np.log(valid_set['cnt'])
x_test = test_set.drop(columns=['cnt'])
y_test = np.log(test_set['cnt'])
#A copy will be created to separately work on feature engineering for linear regression and tree-based models
x_train_tree = x_train.copy()
x_valid_tree = x_valid.copy()
x_test_tree = x_test.copy()
# Plot distribution of 'cnt' for each split
sns.kdeplot(y_train, label='Train Set')
sns.kdeplot(y_valid, label='Validation Set')
sns.kdeplot(y_test, label='Test Set')
plt.legend()
plt.title('Figure 23: Distribution of log(cnt) Across Data Splits')
plt.xlabel('log(cnt)')
plt.ylabel('Density')
plt.show()
```



Figure 23: Distribution of log(cnt) Across Data Splits



## 3. Feature Engineering

## Linear Regression

## → 3.1 Lag Features

A lag feature will be used to help the model learn from past bike rental patterns. For example, the number of rentals at the same hour vesterday or last week can give useful hints about what to expect now. This captures trends and makes the predictions more accurate.

A 1-hour lag seems ideal for hourly predictions because it gives the model immediate context. And, what happened in the previous hour either directly affects what happens next or can be reflected on what will happen next. In bike rentals, patterns like rush hours or weather effects can carry over from one hour to the next, so using the last hour's count helps the model make more accurate hourly predictions.

In order to make sure a 1-hour lag is a suitable option I will see the correlation of a 1-hour lag, 1-day lag and 7-day lag with my target variable.

```
# Correlation check

df_copy['cnt_lag_1'] = df['cnt'].shift(1)

df_copy['cnt_lag_24'] = df['cnt'].shift(24)

df_copy['cnt_lag_168'] = df['cnt'].shift(168)

print("Correlation with lag 1:", df_copy['cnt'].corr(df_copy['cnt_lag_1']))

print("Correlation with lag 24:", df_copy['cnt'].corr(df_copy['cnt_lag_24']))

print("Correlation with lag 168:", df_copy['cnt'].corr(df_copy['cnt_lag_168']))

Correlation with lag 1: 0.8438107986135388

Correlation with lag 24: 0.8157653661278814

Correlation with lag 168: 0.8211070666590071
```

Once again, a 1-hour lag seems to be the best option. However, this next section will inspect the impact of the addition of this feature on data leackage.

Initially, a lag of 1 hour was introduced to the model, which resulted in a surprisingly high R<sup>2</sup> score for the Linear Regression. The results can be seen bellow:

Validation Mean Squared Error (MSE): 0.2282

Validation Mean Absolute Error (MAE): 0.3438

Validation R<sup>2</sup> Score: 0.8831

Since the dataset includes hourly data, this seemed like a valid feature to capture short-term temporal dependencies. However, after closer inspection, I realized that this assumption might not be valid. The dataset used for prediction (the UCI Bike Sharing Dataset) is derived from raw trip-level data, which includes both a start time and an end time for each trip. Unfortunately, the UCI dataset's documentation (README) does not clarify how the target variable cnt was actually computed.

Specifically, it's unclear whether the count corresponds to the number of trips starting in a given hour, ending in that hour, or perhaps using a more complex rule (like based on the hour when the ride was mostly active). This uncertainty introduces the risk of data leakage. For example, if the original count is based on end times, and we introduce a lag of 1 hour, we might inadvertently be feeding the model information from the future. In that case, the lag feature could contain partial information about the target value itself.

The first approach is trying to discover how the count variable is processed.

The following code will take a date (randomly chosen by me) and will ensure it is not in the missing\_dates csv file in order to proceed with proper calculations. Once ensuring it is present, trips that began in between 01:00:00 y 01:59:59 (of that same date) or ended in between 01:00:00 y 01:59:59 are counted based on the original raw dataset. The calculation is based on the Start date and End date columns. This count is compared to the count used for that same hour in the UCI Bike Share Dataset. If any of them match, then we could conclude that the method used for calculating the count is the speculated one.

## df.head(5)

₹		season	yr	mnth	hr	holiday	weekday	workingday	weathersit	temp	atemp	hum	windspeed	cnt	datetime
	0	1	0	1	0	0	6	0	1	0.24	0.2879	0.81	0.0	16	2011-01-01 00:00:00
	1	1	0	1	1	0	6	0	1	0.22	0.2727	0.80	0.0	40	2011-01-01 01:00:00
	2	1	0	1	2	0	6	0	1	0.22	0.2727	0.80	0.0	32	2011-01-01 02:00:00
	3	1	0	1	3	0	6	0	1	0.24	0.2879	0.75	0.0	13	2011-01-01 03:00:00
	4	1	0	1	4	0	6	0	1	0.24	0.2879	0.75	0.0	1	2011-01-01 04:00:00

Since missing\_dates.csv contain exact hour timestamps, only 2011-01-01 01:00:00 needs to be checked in missing\_dates.

```
#1 Confirm, randomly selected date is not in missing_dates
target_hour = pd.Timestamp("2011-01-01 01:00:00")
if target_hour in missing_df['datetime'].values:
   print("The date is in missing_dates.csv")
else:
   print("The date is not in missing_dates.csv")
The date is not in missing_dates.csv
# Number of trips that started between 01:00:00 y 01:59:59
trips2011_df = pd.read_csv("2011-capitalbikeshare-tripdata.csv", parse_dates=["Start date", "End date"])
start_range = pd.Timestamp("2011-01-01 01:00:00")
end_range = pd.Timestamp("2011-01-01 01:59:59")
started\_trips = trips2011\_df[(trips2011\_df["Start date"] >= start\_range) \& (trips2011\_df["Start date"] <= end\_range)]
print(f"Trips that started 1:00:00 and 1:59:59: {len(started_trips)}")
Trips that started 1:00:00 and 1:59:59: 38
\#Number of trips that ended between 01:00:00 y 01:59:59
ended_trips = trips2011_df[(trips2011_df["End date"] >= start_range) & (trips2011_df["End date"] <= end_range)]</pre>
print(f"Trips that ended between 1:00:00 and 1:59:59: {len(ended_trips)}")
→ Trips that ended between 1:00:00 and 1:59:59: 36
#cnt variable in UCI Dataset
target_hour = pd.Timestamp("2011-01-01 01:00:00")
row = df[df['datetime'] == target_hour]
print(f"Registered 'cnt' from UCI Bike Share Dataset: {row['cnt'].values[0]}")
Frequency Registered 'cnt' from UCI Bike Share Dataset: 40
```

It is concluded that the speculated methos were not used to find the 'cnt' variable since the counts found from the raw data differ from the counts registered in the dataset used for prediction.

Since we cannot be certain about how the cnt variable was calculated. To avoid data leackage, a lag longer than the maximum trip duration needs to be used. Because if some trips lasted 12 hours, then using lag\_1 might leak information from the same rental that's already included in hour t, leading to leakage.

To do so, the maximum value in the 'duration' column in the raw datasets from 2011 and 2012 is found. This ensures that the trips in the lag feature have fully finished before the hour trying to be predicted.

```
folder_path = '2012-capitalbikeshare-tripdata'
raw_data_2011 = pd.read_csv('2011-capitalbikeshare-tripdata.csv')
all_files = [
    '2012Q1-capitalbikeshare-tripdata.csv',
    '2012Q2-capitalbikeshare-tripdata.csv',
    '2012Q3-capitalbikeshare-tripdata.csv'
    '2012Q4-capitalbikeshare-tripdata.csv'
1
# Combined
data_frames_2012 = [pd.read_csv(os.path.join(folder_path, file)) for file in all_files]
raw_data = pd.concat([raw_data_2011] + data_frames_2012, ignore_index=True)
# Duration from seconds to hours
raw_data['duration_hours'] = raw_data['Duration'] / 3600
print("\n--- Results ---")
print("\nMax duration (in hours):", raw_data['duration_hours'].max())
max_duration_row = raw_data.loc[raw_data['duration_hours'].idxmax()]
start_of_max_duration = max_duration_row['Start date']
print("Start date of the ride with maximum duration:", start_of_max_duration)
<del>_</del>
      --- Results ---
    Max duration (in hours): 23.9875
    Start date of the ride with maximum duration: 2011-06-09 19:18:26
```

Since the maximum duration has been of almost 24 hours, a 1-hour lag feature is definetely discarded. According to the correlations found before, a 7-day lag feature seems to be the next suitable option. However, since lag features are created by shifting the target variable backward in time, the number of missing values equal the size of the lag. This is why a 24-hour lag will be implemented despite having a slowly lower correlation with the target variable, because the missing values are significantly less.

```
x_train['cnt_lag_24'] = y_train.shift(periods=24)
x_valid['cnt_lag_24'] = y_valid.shift(periods=24)
x_test['cnt_lag_24'] = y_test.shift(periods=24)

Handling missing values:

# Filling missing values with 0
x_train['cnt_lag_24'] = x_train['cnt_lag_24'].fillna(0)
x_valid['cnt_lag_24'] = x_valid['cnt_lag_24'].fillna(0)
x_test['cnt_lag_24'] = x_test['cnt_lag_24'].fillna(0)

# Check for correct filling
print("NaNs in x_train:", x_train.isna().sum().sum())
print("NaNs in x_valid:", x_valid.isna().sum().sum())
print("NaNs in x_train: 0
NaNs in x_train: 0
NaNs in x_train: 0
NaNs in x_test: 0
```

Missing values in the lag feature are filled with 0 because it's the safest option that avoids leakage. The missing values happen at the start of the dataset, where there is no previous data to pull from. If forward fill, backward fill, or interpolation, were to be used, the values would be using information from before(null) or after, leading to leaking future data into the past.

## → 3.2 Rolling Window Statistics

This section evaluates the addition of a rolling mean feature and a rolling standard deviation feature. This could be greately beneficial since it dynamically summarizes recent trends in the target variable. The rolling mean gets the recent average demand and the rolling standard deviation quantifies recent variability. Once again, a lag of 24 hours is implemented to prevent data leakage and missing values are filled with 0.

Rolling averages should be computed after splitting the data into training, validation, and test sets to avoid data leakage. Because, for example, a rolling mean for a validation point could be calculated using previous values that belong to the training set, leading to an invalid performance.

```
x_train['cnt_rolling_mean'] = y_train.shift(24).rolling(window=3).mean().fillna(0)
x_train['cnt_rolling_std'] = y_train.shift(24).rolling(window=3).std().fillna(0)
x_valid['cnt_rolling_mean'] = y_valid.shift(24).rolling(window=3).mean().fillna(0)
x_valid['cnt_rolling_std'] = y_valid.shift(24).rolling(window=3).std().fillna(0)
x_test['cnt_rolling_mean'] = y_test.shift(24).rolling(window=3).mean().fillna(0)
x_test['cnt_rolling_std'] = y_test.shift(24).rolling(window=3).std().fillna(0)
```

Before proceeding, since three new features were created (cnt\_lag\_24, cnt\_rolling\_mean, cnt\_rolling\_std), their correlation with the target will be checked in order to decide whether to keep or eliminate them.

```
copy = x_train.copy()
copy['cnt'] = y_train
print(copy[['cnt', 'cnt_rolling_mean', 'cnt_rolling_std', 'cnt_lag_24']].corr())
₹
                           cnt cnt_rolling_mean cnt_rolling_std cnt_lag_24
                      1.000000
                                        0.782281
                                                        -0.319768
                                                                      0.844336
    cnt_rolling_mean 0.782281
                                        1.000000
                                                        -0.541179
                                                                      0.913029
    cnt_rolling_std -0.319768
                                        -0.541179
                                                         1.000000
                                                                     -0.374580
    cnt_lag_24
                      0.844336
                                        0.913029
                                                        -0.374580
                                                                      1.000000
```

Since cnt\_lag\_24 and cnt\_rolling\_mean have a correlation of 0.85, they hold very similar information about the target, leading to multicolinearity issues. Since cnt\_lag\_24 has a higher correlation with the target, cnt\_rolling\_mean will be discarded.

```
# Drop cnt_rolling_mean from all sets
x_train = x_train.drop(columns=['cnt_rolling_mean'])
x_valid = x_valid.drop(columns=['cnt_rolling_mean'])
x_test = x_test.drop(columns=['cnt_rolling_mean'])
```

#### 3.3 Extra Features Addition

## is\_rush\_hr

As seen in "Figure 11: Average Demand During the Day" there are two clear peeks in bike usage around 8 and 17, which leads to the creation of is\_rush\_hour. These peaks are assumed to have occurred due to typical commuting hours, as people go and come out from work and school. A 1 is set if the hour is between 7 to 9 or 16 to 19, corresponding to morning and evening rush hours.

## is\_night

"Figure 2: Distribution of Bike Rentals (cnt) by Hour of the Day" shows significantly lower rental counts between 0 and 5, indicating a low demand during these hours. is\_night is a binary feature that indicates whether a bike rental occurred during nighttime hours, specifically between the mentioned hours. A 1 is set if the event took place in between 0 and 5 (inclusive), and a 0 is set otherwise. This feature helps capture patterns that are unique to nighttime activity associated with significantly reduced demand.

```
x_train['is_rush_hour'] = x_train['hr'].isin([7, 8, 9, 16, 17, 18, 19]).astype(int)
x_valid['is_rush_hour'] = x_valid['hr'].isin([7, 8, 9, 16, 17, 18, 19]).astype(int)
x_test['is_rush_hour'] = x_test['hr'].isin([7, 8, 9, 16, 17, 18, 19]).astype(int)
x_train['is_night'] = x_train['hr'].isin([0, 1, 2, 3, 4, 5]).astype(int)
x_valid['is_night'] = x_valid['hr'].isin([0, 1, 2, 3, 4, 5]).astype(int)
x_test['is_night'] = x_test['hr'].isin([0, 1, 2, 3, 4, 5]).astype(int)
```

## df.head(5)

<b>→</b>		season	yr	mnth	hr	holiday	weekday	workingday	weathersit	temp	atemp	hum	windspeed	cnt	datetime
	0	1	0	1	0	0	6	0	1	0.24	0.2879	0.81	0.0	16	2011-01-01 00:00:00
	1	1	0	1	1	0	6	0	1	0.22	0.2727	0.80	0.0	40	2011-01-01 01:00:00
	2	1	0	1	2	0	6	0	1	0.22	0.2727	0.80	0.0	32	2011-01-01 02:00:00
	3	1	0	1	3	0	6	0	1	0.24	0.2879	0.75	0.0	13	2011-01-01 03:00:00
	4	1	0	1	4	0	6	0	1	0.24	0.2879	0.75	0.0	1	2011-01-01 04:00:00

### 3.4 Sine/Cosine Transformation - Cyclical Features

Cyclic encoding with sine and cosine is used to represent features that have a periodic structure. For example, hour of the day goes from 0 to 23 and starts again, meaning hour 23 is as close to 0 as it is to 22. Similarly, the week runs from 0 (Sunday) to 6 (Saturday) and then then repeat.

Using one-hot encoding for cyclical variables would mislead the model into thinking hour 23 and 0 are very different, or that day 0 and 6 are the furthest away, when they are actually next to each other.

If one-hot encoding is used the model may incorrectly assume a linear relationship — treating hour 23 and 0, or day 6 and 0, as far apart. This misrepresentation can distort the model's understanding of time based patterns and lead to incorrect predictions.

By encoding these features using sine and cosine transformations, circular structure is preserved, allowing the model to learn relationships more accurately.

```
def encode_cyclic_features(df):
    # Hour encoding (24-hour cycle)
    df['hr_sin'] = np.sin(2 * np.pi * df['hr']/24)
    df['hr_cos'] = np.cos(2 * np.pi * df['hr']/24)

    # Weekday encoding (7-day cycle)
    df['weekday_sin'] = np.sin(2 * np.pi * df['weekday']/7)
    df['weekday_cos'] = np.cos(2 * np.pi * df['weekday']/7)
    df = df.drop(columns=['hr', 'weekday'])
    return df

x_train = encode_cyclic_features(x_train)
x_valid = encode_cyclic_features(x_valid)
x_test = encode_cyclic_features(x_test)
```

#### ▼ 3.5 One-Hot Encoding - Categorical Variables

Adjacent seasons like winter (1) and fall (2) show sharper transitions rather than gradual changes in bike usage patterns due to eather events, holidays, and seasonal activities that don't follow a continuous curve. This is why one-hot seems to be more suitable rather than cyclical encoding.

While the monthly pattern in bike usage shows a general trend, it may be blurred by the fact that each month contains a mixture of different weekdays, holidays, and varying weather conditions. These fluctuations within each month can weaken the strength of any cyclical pattern.

df.head()

₹		season	yr	mnth	hr	holiday	weekday	workingday	weathersit	temp	atemp	hum	windspeed	cnt	datetime
	0	1	0	1	0	0	6	0	1	0.24	0.2879	0.81	0.0	16	2011-01-01 00:00:00
	1	1	0	1	1	0	6	0	1	0.22	0.2727	0.80	0.0	40	2011-01-01 01:00:00
	2	1	0	1	2	0	6	0	1	0.22	0.2727	0.80	0.0	32	2011-01-01 02:00:00
	3	1	0	1	3	0	6	0	1	0.24	0.2879	0.75	0.0	13	2011-01-01 03:00:00
	4	1	0	1	4	0	6	0	1	0.24	0.2879	0.75	0.0	1	2011-01-01 04:00:00

The fit() step is only applied to the training set to prevent data leakage. By fitting the encoder exclusively on the training data, the model only learns categories present during training and not from the validation or test sets. This ensures that the model generalizes properly.

```
one_hot_cols = ["season", "mnth"]

if x_train is not None and all(col in x_train.columns for col in one_hot_cols):
    ohe = OneHotEncoder(handle_unknown='ignore', drop='first', sparse_output=False)

# Fit the encoder on the training data only (to avoid data leakage)
    ohe.fit(x_train[one_hot_cols])

train_ohe = ohe.transform(x_train[one_hot_cols])
    valid_ohe = ohe.transform(x_valid[one_hot_cols])

test_ohe = ohe.transform(x_test[one_hot_cols])

ohe_cols = ohe.get_feature_names_out(one_hot_cols)

# Convert the one-hot encoded arrays to DataFrames
    train_ohe_df = pd.DataFrame(train_ohe, columns=ohe_cols, index=x_train.index)
```

```
valid_ohe_df = pd.DataFrame(valid_ohe, columns=ohe_cols, index=x_valid.index)
test_ohe_df = pd.DataFrame(test_ohe, columns=ohe_cols, index=x_test.index)

# Drop the original categorical columns from the feature sets and join the new one-hot DataFrames
x_train = x_train.drop(columns=one_hot_cols).join(train_ohe_df)
x_valid = x_valid.drop(columns=one_hot_cols).join(valid_ohe_df)
x_test = x_test.drop(columns=one_hot_cols).join(test_ohe_df)
print("One-hot encoding completed successfully.")

else:
    raise ValueError("x_train is None or does not contain all required columns.")

One-hot encoding completed successfully.
```

## 3.6 Ordinal Encoding - Categorical Variables

The weather conditions listed can be ordered by severity or adverse effect on bike rentals.

Based on the variables description, this is an ordering from best weather to worst weather:

- 1: Clear, Few clouds, Partly cloudy 1 (Best conditions for biking)
- 2: Mist + Cloudy 2 ()
- 3: Light Snow/Rain 3 (Worst conditions for biking)

Given this ordinal nature, weathersit will be treated as already ordinally encoded, and no further transformation is necessary.

## → 3.7 Scaling - Numerical Features

This step is critical to ensure all numerical features contribute equally towards the model's performance and that none affect it disproportionately their because of their greater range or magnitude.

Currently, 'temp', 'atemp', 'hum', 'windspeed', 'cnt\_rolling\_std' and 'cnt\_lag\_24' should be processed.

Standardization is perform after data splitting in order to avoid data leakage. If scaled before, the model would gain knowledge about the distribution of the test and validation data.

Two different approaches are considered: Standardization and Normalization.

As discussed in Assignmentl:

Standardization brings the features to a common scale with mean 0 and standard deviation 1. This is done by subtracting the mean of each feature from the data points and dividing by the standard deviation. This can be applied using Standard Scaler.

Normalization transforms the features into a specific range such as [0,1]. This is done by subtracting the minimum value of the feature and dividing by the range (maximum - minimum). This can be applied using MinmaxScaler.

While standardization usually works better with normally distributed data, normalization usually works better with uniformly distributed data.

Standardization is used to ensure that features have the same scale, especially when they have different magnitudes. Normalization is typically used when the data needs to be in a specific range. It generally performs well on algorithms that use distances, such as K-Nearest Neighbors (KNN).

One of the biggest impacts to consider regarding these methods is their impact on the data distribution: Standardization does not change the distribution of the data. Standardization only changes the spread and center of the data. Normalization, on the other hand, forces the data into a fixed range. This could compress large values or extreme outliers into a small range, leading to potential information loss and affecting model performance.

This also makes Standardization less sensitive to outliers than normalization, which may cause the latter to hide underlying patterns in the data.

Standardization is preferred over normalization for this dataset because it ensures that all features are on the same scale with a mean of 0 and a standard deviation of 1, which is crucial for Linear Regression, a linear model sensitive to feature scales. Standardization improves the model's convergence during gradient descent optimization by allowing each feature to contribute equally, preventing larger scale features from disproportionately influencing the model. Additionally, standardization is less sensitive to outliers compared to normalization, which can distort the data when outliers are present. Since standardization uses the mean and standard deviation, it retains the spread and variance of the data, ensuring that outliers, remain identifiable without compressing the data into a narrow range.

```
x_train.head()
```

<b>→</b>		yr	holiday	workingday	weathersit	temp	atemp	hum	windspeed	cnt_lag_24	cnt_rolling_std	 mnth_3	mnth_4	mnth_
	0	0	0	0	1	0.24	0.2879	0.81	0.0	0.0	0.0	 0.0	0.0	0
	1	0	0	0	1	0.22	0.2727	0.80	0.0	0.0	0.0	 0.0	0.0	0
	2	0	0	0	1	0.22	0.2727	0.80	0.0	0.0	0.0	 0.0	0.0	0
	3	0	0	0	1	0.24	0.2879	0.75	0.0	0.0	0.0	 0.0	0.0	0
	4	0	0	0	1	0.24	0.2879	0.75	0.0	0.0	0.0	 0.0	0.0	0

5 rows × 30 columns

```
# List of numerical features to scale
num_features = ['temp', 'atemp', 'hum', 'windspeed', 'cnt_rolling_std', 'cnt_lag_24']
scaler = StandardScaler()
# Fit the scaler on training data only
x_train[num_features] = scaler.fit_transform(x_train[num_features])
# Apply the same scaler (already fitted) to validation and test data
# Apply the same scaling to the validation and test data (using transform, NOT fit_transform)
x_valid[num_features] = scaler.transform(x_valid[num_features])
x_test[num_features] = scaler.transform(x_test[num_features])
# Check the result
print(x_train.head(5))
            holidav
                     workingday
                                  weathersit
₹
        уr
                                                   temp
                                                            atemp
                                                                         hum
     0
         0
                  0
                                            1 -1.310866 -1.076496
                                                                    0.943574
         0
                  0
                               0
                                            1 -1.412024 -1.162563
                                                                    0.893116
     1
                                            1 -1.412024 -1.162563
     2
         0
                  0
                               0
                                                                    0.893116
     3
         0
                  0
                               0
                                            1 -1.310866 -1.076496
                                                                    0.640830
     4
         0
                  0
                               0
                                            1 -1.310866 -1.076496
                                                                    0.640830
        windspeed
                   cnt_lag_24 cnt_rolling_std
                                                       mnth_3
                                                               mnth_4
                                                                        mnth_5
                                                  ...
     0
         -1.57778
                    -2.976883
                                      -1.279033
                                                          0.0
                                                                   0.0
                                                                           0.0
                                                  . . .
         -1.57778
     1
                    -2.976883
                                       -1.279033
                                                          0.0
                                                                   0.0
                                                                           0.0
                                                  . . .
     2
         -1.57778
                    -2.976883
                                      -1.279033
                                                          0.0
                                                                   0.0
                                                                           0.0
                                                  . . .
     3
         -1.57778
                    -2.976883
                                      -1.279033
                                                          0.0
                                                                   0.0
                                                                           0.0
                                                  . . .
         -1.57778
                                      -1.279033
                    -2.976883
                                                          0.0
                                                                   0.0
                                                                           0.0
                        mnth_8
                                 mnth_9
        mnth_6 mnth_7
                                         mnth_10
                                                   mnth_11
                                                            mnth_12
    0
           0.0
                   0.0
                            0.0
                                    0.0
                                              0.0
                                                       0.0
                                                                 0.0
     1
           0.0
                   0.0
                            0.0
                                    0.0
                                              0.0
                                                       0.0
                                                                 0.0
     2
           0.0
                   0.0
                            0.0
                                    0.0
                                              0.0
                                                       0.0
                                                                 0.0
     3
           0.0
                   0.0
                            0.0
                                    0.0
                                              0.0
                                                       0.0
                                                                 0.0
           0.0
                   0.0
                            0.0
                                    0.0
                                              0.0
```

## 3.8 Interaction Terms

[5 rows x 30 columns]

As justified by Section "1.3 Relationship Visualization" two interaction terms are added:

- 1. temperature and humidity A hot day might be great for biking if the air is dry, but if it is also very humid, it can feel uncomfortable and discourage riding. By creating an interaction between these two, the model can learn to recognize situations where one condition makes the other feel better or worse, which is something it can not pick up on if the features are used separately.
- 2. working day and hour

People use bikes very differently depending on the day. On working days, usage spikes around the morning and evening commute, while on weekends, it is more spread out during the day. This means the impact of the hour of the day is not the same on a weekday versus a weekend, they interact. By combining hour and working day into one feature, the model can understand these changing patterns more clearly.

```
x_train['temp_hum_interaction'] = x_train['temp'] * x_train['hum']
x_valid['temp_hum_interaction'] = x_valid['temp'] * x_valid['hum']
x_test['temp_hum_interaction'] = x_test['temp'] * x_test['hum']
x_train.head()
```

<b>→</b> *		yr	holiday	workingday	weathersit	temp	atemp	hum	windspeed	cnt_lag_24	<pre>cnt_rolling_std</pre>	 mnth_4 mnt
	0	0	0	0	1	-1.310866	-1.076496	0.943574	-1.57778	-2.976883	-1.279033	 0.0
	1	0	0	0	1	-1.412024	-1.162563	0.893116	-1.57778	-2.976883	-1.279033	 0.0
	2	0	0	0	1	-1.412024	-1.162563	0.893116	-1.57778	-2.976883	-1.279033	 0.0
	3	0	0	0	1	-1.310866	-1.076496	0.640830	-1.57778	-2.976883	-1.279033	 0.0
	4	0	0	0	1	-1.310866	-1.076496	0.640830	-1.57778	-2.976883	-1.279033	 0.0

5 rows × 31 columns

```
x_train['interaction_hrsin_workingday'] = x_train['hr_sin'] * x_train['workingday']
x_train['interaction_hrcos_workingday'] = x_train['hr_cos'] * x_train['workingday']
x_valid['interaction_hrsin_workingday'] = x_valid['hr_sin'] * x_valid['workingday']
x_valid['interaction_hrcos_workingday'] = x_test['hr_cos'] * x_valid['workingday']
x_test['interaction_hrsin_workingday'] = x_test['hr_sin'] * x_test['workingday']
x_test['interaction_hrcos_workingday'] = x_test['hr_cos'] * x_test['workingday']

#Scaling of Interactions
interaction_features = [
    'interaction_hrsin_workingday',
    'interaction_hrcos_workingday',
    'interaction_hrcos_workingday',
    'temp_hum_interaction'
]

x_train[interaction_features] = scaler.fit_transform(x_train[interaction_features])
x_valid[interaction_features] = scaler.transform(x_valid[interaction_features])
x_test[interaction_features] = scaler.transform(x_test[interaction_features])
```

## → 3.9 Feature Removal

Based on "Figure 8: Correlation Matrix of Features and Target" the features holiday and weekday are dropped since their correlation with the target variable is extremely low: -0.03, 0.03, respectively.

workingday (also correlation 0.03) is not removed since it is used as an interaction feature.

```
x_train = x_train.drop(columns=['holiday','weekday_sin','weekday_cos'])
x_valid = x_valid.drop(columns=['holiday','weekday_sin','weekday_cos'])
x_test = x_test.drop(columns=['holiday','weekday_sin','weekday_cos'])
```

Once again, from the previously made analysis of the correlation plot the following is concluded:

- a. Removing temp or atemp: both have 0.99 correlation between them which introduces multicollinearity. Since both have the same correlation with target variable 'cnt' (0.4), further analysis is required to decide which one to drop.
- b. Removing mnth: because of its low correlation with the target (0.12).

## Inspection of temp and atemp

```
ax = sns.scatterplot(x="temp", y="atemp", data=df)
ax.set_title("24: Temperature vs. Feels-like Temperature")
```

→ Text(0.5, 1.0, '24: Temperature vs. Feels-like Temperature')

# 

For values of temp there seems to be fixed values of atemp, which should not be the case since atemp is calculated based on temp and factors like humidity and wind speed. For this reason, atemp will be dropped and temp will be used.

## Variance

Low variance features will be removed since they do not provide useful information for the model and only add noise. According to ChatGPT a threshold of 0.02-0.05 is moderate, and commonly used in practice. A threshold of 0.03 is selected.

```
# Variance of all numerical features
numerical_features = x_train.select_dtypes(include=['number'])
feature_variances = numerical_features.var()
print("Feature Variances:\n", feature_variances)
Feature Variances:
                                      0.235180
    workingday
                                      0.215991
    weathersit
                                      0.413915
                                      1.000072
    temp
    hum
                                      1.000072
    windspeed
                                      1.000072
                                      1.000072
    cnt lag 24
    cnt_rolling_std
                                      1.000072
    is_rush_hour
                                      0.207387
    is_night
                                      0.185309
    hr_sin
                                      0.499507
    hr_cos
                                      0.500531
    season_2
                                      0.216573
                                      0.184022
    season_3
                                      0.129942
    season_4
    temp_hum_interaction
                                     1.000072
```

interaction\_hrsin\_workingday

interaction\_hrcos\_workingday

dtype: float64

1.000072

1.000072

```
#Elimination of low variance features
var_thresh = VarianceThreshold(threshold=0.03)

var_thresh.fit(numerical_features)

low_variance_features = numerical_features.columns[~var_thresh.get_support()]

x_train.drop(columns=low_variance_features, inplace=True)
x_valid.drop(columns=low_variance_features, inplace=True)
x_test.drop(columns=low_variance_features, inplace=True)

print("Features removed:", low_variance_features)

Features removed: Index([], dtype='object')
```

#### VIF

VIF quantifies how much the variance of a regression coefficient is inflated due to multicollinearity with other predictors.

```
#VIF Calculation
X = add_constant(x_train)
vif_data = pd.DataFrame()
vif_data['feature'] = X.columns
vif_data['VIF'] = [variance_inflation_factor(X.values, i) for i in range(X.shape[1])]
print(vif_data)
                                               VTF
\overline{z}
                                feature
     0
                                  const 18.630054
                                          1.298273
     1
                                    уr
                            workingday
                                          1.029503
     3
                            weathersit
                                          1.356716
     4
                                  temp
                                          3.490414
     5
                                   hum
                                          1.808612
                             windspeed
                                          1.156275
                            cnt_lag_24
                                          3.511639
                       cnt_rolling_std
     8
                                          2.072572
     9
                          is_rush_hour
                                          1.332457
     10
                              is_night
                                          3.092964
                                          5.335737
     11
                                hr_sin
     12
                                hr_cos
                                          4.331747
     13
                              season_2
                                          2.557229
     14
                              season_3
                                          4.179649
```

1.788218

1.131388

3.177232

3.190413

season\_4

temp\_hum\_interaction

interaction\_hrsin\_workingday

interaction\_hrcos\_workingday

## df.head(5)

15

16 17

18

₹		season	yr	mnth	hr	holiday	weekday	workingday	weathersit	temp	atemp	hum	windspeed	cnt	datetime
	0	1	0	1	0	0	6	0	1	0.24	0.2879	0.81	0.0	16	2011-01-01 00:00:00
	1	1	0	1	1	0	6	0	1	0.22	0.2727	0.80	0.0	40	2011-01-01 01:00:00
	2	1	0	1	2	0	6	0	1	0.22	0.2727	0.80	0.0	32	2011-01-01 02:00:00
	3	1	0	1	3	0	6	0	1	0.24	0.2879	0.75	0.0	13	2011-01-01 03:00:00
	4	1	0	1	4	0	6	0	1	0.24	0.2879	0.75	0.0	1	2011-01-01 04:00:00

The season variables (season\_2, season\_3, season\_4) exhibit moderate multicollinearity, with VIFs ranging from around 1.8 to over 4, and they may overlap in predictive power with other features that capture cyclical patterns, such as hr\_sin, hr\_cos. Since seasonality is already indirectly modeled through those cyclic encodings and the VIFs suggest some redundancy, dropping the season dummies can help reduce multicollinearity and simplify the model without sacrificing predictive strength.

```
x_train.drop(columns=['season_2', 'season_3', 'season_4'], inplace=True)
x_valid.drop(columns=['season_2', 'season_3', 'season_4'], inplace=True)
x_test.drop(columns=['season_2', 'season_3', 'season_4'], inplace=True)
```

df.head(5)

<b>→</b>		season	yr	mnth	hr	holiday	weekday	workingday	weathersit	temp	atemp	hum	windspeed	cnt	datetime
	0	1	0	1	0	0	6	0	1	0.24	0.2879	0.81	0.0	16	2011-01-01 00:00:00
	1	1	0	1	1	0	6	0	1	0.22	0.2727	0.80	0.0	40	2011-01-01 01:00:00
	2	1	0	1	2	0	6	0	1	0.22	0.2727	0.80	0.0	32	2011-01-01 02:00:00
	3	1	0	1	3	0	6	0	1	0.24	0.2879	0.75	0.0	13	2011-01-01 03:00:00
	4	1	0	1	4	0	6	0	1	0.24	0.2879	0.75	0.0	1	2011-01-01 04:00:00

df.head(5)

₹		season	eason yr		hr	holiday	weekday	workingday	weathersit	temp	atemp	hum	windspeed	cnt	datetime
	0	1	0	1	0	0	6	0	1	0.24	0.2879	0.81	0.0	16	2011-01-01 00:00:00
	1	1	0	1	1	0	6	0	1	0.22	0.2727	0.80	0.0	40	2011-01-01 01:00:00
	2	1	0	1	2	0	6	0	1	0.22	0.2727	0.80	0.0	32	2011-01-01 02:00:00
	3	1	0	1	3	0	6	0	1	0.24	0.2879	0.75	0.0	13	2011-01-01 03:00:00
	4	1	0	1	4	0	6	0	1	0.24	0.2879	0.75	0.0	1	2011-01-01 04:00:00

#### **Mutual Information**

Mutual Information quantifies the amount of information one variable provides about another. When computing mutual information between each feature and the target, a low MI score suggrests that the feature does not provide much unique information about the target.

```
# Compute mutual information between each feature and the target
mi_scores = mutual_info_regression(x_train, y_train, discrete_features='auto')
mi_df = pd.DataFrame({'Feature': x_train.columns, 'MI Score': mi_scores})
mi_df.sort_values(by='MI Score', ascending=True, inplace=True)

# Plot
plt.figure(figsize=(10, 6))
plt.barh(mi_df['Feature'], mi_df['MI Score'], color='skyblue')
plt.title('Figure 25: Mutual Information Scores for Features', fontsize=14)
plt.xlabel('MI Score', fontsize=12)
plt.tight_layout()
plt.show()
```



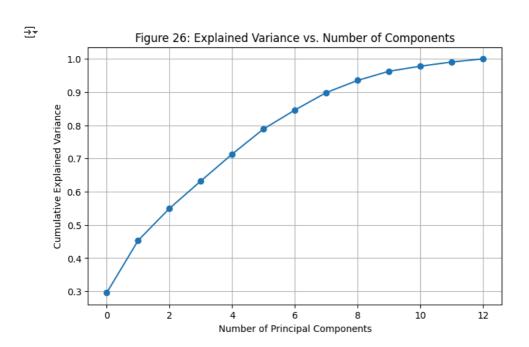
Figure 25: Mutual Information Scores for Features cnt\_lag\_24 interaction\_hrsin\_workingday interaction\_hrcos\_workingday is\_night hr\_cos hr\_sin temp cnt\_rolling\_std is\_rush\_hour temp\_hum\_interaction weathersit windspeed workingday 0.0 0.1 0.2 0.3 0.4 0.5 0.6 0.7 MI Score

Based on the results, windspeed and weathersit are dropped.

```
  x\_train.drop(columns=['windspeed','weathersit'], inplace=True)   x\_valid.drop(columns=['windspeed','weathersit'], inplace=True)   x\_test.drop(columns=['windspeed','weathersit'], inplace=True)
```

#### PCA

```
features = x_train.columns
# Standardize all features
scaler = StandardScaler()
x_train_scaled = scaler.fit_transform(x_train)
x_valid_scaled = scaler.transform(x_valid)
x_test_scaled = scaler.transform(x_test)
# Apply PCA
pca = PCA()
x_train = pca.fit_transform(x_train_scaled)
plt.figure(figsize=(8, 5))
plt.plot(np.cumsum(pca.explained_variance_ratio_), marker='o')
plt.xlabel('Number of Principal Components')
plt.ylabel('Cumulative Explained Variance')
plt.title('Figure 26: Explained Variance vs. Number of Components')
plt.grid(True)
plt.show()
```



```
pca = PCA(n_components=0.95)  # Keep enough components to explain 95% variance
x_train = pca.fit_transform(x_train_scaled)
x_valid = pca.transform(x_valid_scaled)
x_test = pca.transform(x_test_scaled)
```

## Tree-based models: Random Forest and Gradient Boosting

## → 3.1 Lag Features

Tree-based models benefit from lag features because they help capture temporal dependencies and patterns in time series data.

By introducing lagged versions of the target variable the model can learn from past behavior to make better predictions for the future.

A lag of 24 hours is introduced based on previous analysis on data leakage.

```
x_train_tree['cnt_lag_24'] = y_train.shift(periods=24)
x_valid_tree['cnt_lag_24'] = y_valid.shift(periods=24)
x_test_tree['cnt_lag_24'] = y_test.shift(periods=24)

x_train_tree['cnt_lag_24'] = x_train_tree['cnt_lag_24'].fillna(0)
x_valid_tree['cnt_lag_24'] = x_valid_tree['cnt_lag_24'].fillna(0)
```

```
x_test_tree['cnt_lag_24'] = x_test_tree['cnt_lag_24'].fillna(0)
```

#### 3.2 Extra features

Tree-based models benefit from binary features like is\_rush\_hour and is\_night because these indicators provide clear splits that align well with how decision trees operate. Trees partition the feature based on threshold conditions, and binary variables offer straightforward splitting rules.

```
x_train_tree['is_rush_hour'] = x_train_tree['hr'].isin([7, 8, 9, 16, 17, 18, 19]).astype(int)
x_valid_tree['is_rush_hour'] = x_valid_tree['hr'].isin([7, 8, 9, 16, 17, 18, 19]).astype(int)
x_test_tree['is_rush_hour'] = x_test_tree['hr'].isin([7, 8, 9, 16, 17, 18, 19]).astype(int)
x_train_tree['is_night'] = x_train_tree['hr'].isin([0, 1, 2, 3, 4, 5]).astype(int)
x_valid_tree['is_night'] = x_valid_tree['hr'].isin([0, 1, 2, 3, 4, 5]).astype(int)
x_test_tree['is_night'] = x_test_tree['hr'].isin([0, 1, 2, 3, 4, 5]).astype(int)
```

#### 3.3 One-hot encoding

For tree-based models, encoding decisions were made based on whether features are ordinal, nominal, or cyclical and how trees handle splits. The features season and mnth were one-hot encoded because, although they are numeric, their values represent categories with no inherent linear relationship (e.g., summer is not "greater" than winter). One-hot encoding allows the model to treat season independently without assuming any order. On the other hand, the features hr (hour of day) and weekday were left as they are. Month aswell since season is already encoded. Tree-based models can effectively handle numerical splits without requiring scaling or transformation, and in this context, treating hours and weekdays as raw integers allows the model to learn from the natural structure of the data. Additionally, since engineered binary features like is\_rush\_hour, is\_night were added, further encoding of hr and weekday was unnecessary.

```
one_hot_cols = ["season"]
if x_train_tree is not None and all(col in x_train_tree.columns for col in one_hot_cols):
   ohe = OneHotEncoder(handle_unknown='ignore', drop='first', sparse_output=False)
   # Fit the encoder on the training data only (to avoid data leakage)
   ohe.fit(x_train_tree[one_hot_cols])
   train_ohe = ohe.transform(x_train_tree[one_hot_cols])
   valid_ohe = ohe.transform(x_valid_tree[one_hot_cols])
   test_ohe = ohe.transform(x_test_tree[one_hot_cols])
   ohe_cols = ohe.get_feature_names_out(one_hot_cols)
   # Convert the one-hot encoded arrays to DataFrames
   train_ohe_df = pd.DataFrame(train_ohe, columns=ohe_cols, index=x_train_tree.index)
   valid_ohe_df = pd.DataFrame(valid_ohe, columns=ohe_cols, index=x_valid_tree.index)
   test_ohe_df = pd.DataFrame(test_ohe, columns=ohe_cols, index=x_test_tree.index)
   # Drop the original categorical columns from the feature sets and join the new one-hot DataFrames
   x_train_tree = x_train_tree.drop(columns=one_hot_cols).join(train_ohe_df)
   x_valid_tree = x_valid_tree.drop(columns=one_hot_cols).join(valid_ohe_df)
   x_test_tree = x_test_tree.drop(columns=one_hot_cols).join(test_ohe_df)
   print("One-hot encoding completed successfully.")
   raise ValueError("x_train is None or does not contain all required columns.")
• One-hot encoding completed successfully.
```

x\_train\_tree.head()

<del></del>		yr	mnth	hr	holiday	weekday	workingday	weathersit	temp	atemp	hum	windspeed	cnt_lag_24	is_rush_hour	is_night
	0	0	1	0	0	6	0	1	0.24	0.2879	0.81	0.0	0.0	0	1
	1	0	1	1	0	6	0	1	0.22	0.2727	0.80	0.0	0.0	0	1
	2	0	1	2	0	6	0	1	0.22	0.2727	0.80	0.0	0.0	0	1
	3	0	1	3	0	6	0	1	0.24	0.2879	0.75	0.0	0.0	0	1
	4	0	1	4	0	6	0	1	0.24	0.2879	0.75	0.0	0.0	0	1

#### 3.6 Ordinal Encoding

Ordinal encoding for weathersit as justified in Linear Regression section

### → 3.7 Scaling

Tree-based models don't use distance or dot products like linear regression. Instead, they split on feature values and that logic is unaffected by the scale of the features. So no feature scaling needs to be applied.

#### 3.8 Interaction Terms

Tree-based models like Random Forest and Gradient Boosting do not require explicitly defined interaction terms because they inherently capture interactions during the tree-building process. As decision trees split the data based on feature thresholds, they naturally model combinations of features. Unlike linear models, where interactions must be manually added to capture joint effects, tree-based models explore these combinations as part of their structure. Therefore, explicitly adding interaction terms in tree-based models often does not provide additional value and can even introduce unnecessary complexity or noise. Hence, no extra features are added.

### ✓ Feature Removal

Atemp is dropped since its meaning is close to temp, so it is redundant for the model.

```
x_train_tree.drop(columns=["atemp"], inplace = True)
x_valid_tree.drop(columns=["atemp"], inplace = True)
x_test_tree.drop(columns=["atemp"], inplace= True)
```

#### Variance

```
# Variance of all numerical features
numerical_features = x_train_tree.select_dtypes(include=['number'])
feature_variances = numerical_features.var()
print("Feature Variances:\n", feature_variances)
    Feature Variances:
                       0.235180
     yr
    mnth
                    10.358245
                    47.778995
    hr
    holiday
                     0.026655
                     4.022874
    weekday
    workingday
                     0.215991
    weathersit
                     0.413915
    temp
                     0.039092
                      0.039281
    windspeed
                     0.015135
    cnt_lag_24
                     2.233189
    is_rush_hour
                     0.207387
                     0.185309
    is night
    season_2
                     0.216573
    season 3
                     0.184022
    season_4
                      0.129942
    dtype: float64
#Elimination of low variance features
var_thresh = VarianceThreshold(threshold=0.03)
var_thresh.fit(numerical_features)
low_variance_features = numerical_features.columns[~var_thresh.get_support()] # Use `~` to get False values
x_train_tree.drop(columns=low_variance_features, inplace=True)
x_valid_tree.drop(columns=low_variance_features, inplace=True)
x_test_tree.drop(columns=low_variance_features, inplace=True)
print("Features removed:", low_variance_features)
   Features removed: Index(['holiday', 'windspeed'], dtype='object')
```

Unlike linear models, trees do not assume linear relationships or independence between features, making multicollinearity (which VIF measures) largely irrelevant. Similarly, PCA is often used for dimensionality reduction and to remove correlations, but tree-based models naturally select splits based on the most informative features without being affected by scaling or correlation, and using PCA can actually reduce interpretability by transforming features into less understandable components. As for mutual information, while it can be useful for

ranking feature relevance, tree models already internally compute measures of feature importance based on information gain or similar metrics during training. Therefore, using these techniques is unnecessary for tree-based models.

## 4. Baseline Model – Linear Regression

### 4.1 Training

```
model = LinearRegression()
model.fit(x_train, y_train)
y_pred_valid = model.predict(x_valid)
```

#### 4.2 Evaluation

For evaluation metrics the mean squared error, mean absolute error and r^2 score are used.

MSE: measures the average squared difference between the predicted and the actual target values within a dataset.

MAE: measures the average magnitude of the errors.

R^2: measures how much of the variance in the dependent variable is explained by the independent variables.

```
mse = mean_squared_error(y_valid, y_pred_valid)
mae = mean_absolute_error(y_valid, y_pred_valid)
r2 = r2_score(y_valid, y_pred_valid)

print(f"Validation Mean Squared Error (MSE): {mse:.4f}")
print(f"Validation Mean Absolute Error (MAE): {mae:.4f}")
print(f"Validation R^2 Score: {r2:.4f}")

Validation Mean Squared Error (MSE): 0.4032
    Validation Mean Absolute Error (MAE): 0.4647
    Validation R^2 Score: 0.7935
```

MSE (Mean Squared Error) = 0.4032: the squared differences between predicted and actual values is of around 0.40 units.

MAE (Mean Absolute Error) = 0.4647: on average, predictions are off by about 0.46 units.

Validation R<sup>2</sup> Score: 0.7935: the model explains about 79.35% of the variance in the target variable, which is decent.

No regularization (such as Lasso or Ridge) is applied since there are no signs of overfitting.

### 4.3 Visualizations

Linear regression models are built on a set of key assumptions that must be satisfied for the model's estimates and inferences to be valid.

These assumptions include:

Linearity: The relationship between predictors and target is linear.

Homoscedasticity: Constant variance of residuals.

Normality of Residuals: Residuals should follow a normal distribution.

No Multicollinearity: Predictors should not be highly correlated with each other.

No Autocorrelation: Residuals should be independent (important for time series data).

To evaluate homoscedasticity and normality of residuals, the following three plots are created:

First, the residuals versus the predicted values to assess homoscedasticity. This helps verify whether the residuals have constant variance across all levels of the predicted variable.

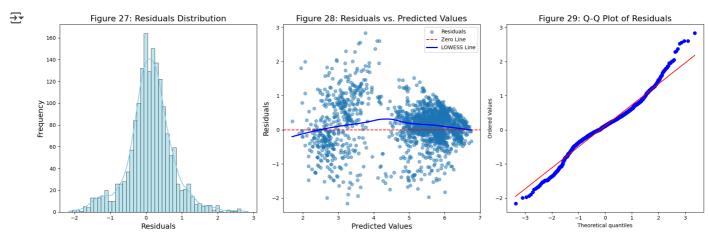
Second, a histogram of the residuals to evaluate the normality of the residuals.

Lastly, a Q-Q plot to further visualize how closely the distribution of residuals aligns with a theoretical normal distribution.

These plots provide essential insights into whether these assumptions behind linear regression are being met.

```
# Calculate residuals
residuals = y_valid - y_pred_valid
```

```
fig, axes = plt.subplots(1, 3, figsize=(18, 6))
# Plot 1: Residuals Distribution (Histogram & KDE Plot)
sns.histplot(residuals, bins=50, kde=True, color='skyblue', ax=axes[0])
axes[0].set_title('Figure 27: Residuals Distribution', fontsize=16)
axes [0].set\_xlabel('Residuals', fontsize=14)
axes[0].set_ylabel('Frequency', fontsize=14)
# Plot 2: Residuals vs. Predicted Values
axes[1].scatter(y_pred_valid, residuals, alpha=0.5, label='Residuals')
axes[1].axhline(0, color='red', linestyle='--', label='Zero Line')
# Adding a trend line using LOWESS (Locally Weighted Scatterplot Smoothing)
sns.regplot(x=y_pred_valid, y=residuals, lowess=True, ax=axes[1],
            scatter=False, color='blue', label='LOWESS Line')
axes[1].set_title('Figure 28: Residuals vs. Predicted Values', fontsize=16)
axes[1].set_xlabel('Predicted Values', fontsize=14)
axes[1].set_ylabel('Residuals', fontsize=14)
axes[1].legend()
# Plot 3: Q-Q Plot of Residuals
stats.probplot(residuals, dist="norm", plot=axes[2])
axes[2].set_title('Figure 29: Q-Q Plot of Residuals', fontsize=16)
plt.tight_layout()
plt.show()
```



"Figure 27: Residuals Distribution": The distribution appears to be symmetric, is bell-shaped and centered around 0. "Figure 29: Q-Q Plot of Residuals": Points fall along the red diagonal line quite closely, except for slight deviation in the tails. This indicates that the residuals largely follow a normal distribution, which supports the normality assumption.

"Figure 28: Residuals vs. Predicted Values": While there may be a slight concentration or curvature around certain prediction ranges, overall the variance of residuals appears roughly constant. However, the model tends to underpredict. Since the residuals are positive, the actual observed values are greater than the model's prediction (Residual = Actual value - Predicted value).

In conclusion, the plots provide evidence that the model somehow meets the two key assumptions of homocedasticity and normal distribution of residuals.

## 4.4 Bias and Variance

This section analyses bias and variance. This analysis helps determine whether a model is underfitting (high bias - model is inabile to learn the underlying patterns in the data), overfitting (high variance - model learns the training data too well, including noise, leading to overfitting), or achieving a good generalization balance.

To do so, R^2, MAE and MSE on the training, validation and test sets are compared. A high training score but poor validation or test performance signals overfitting (high variance), whereas low scores across all sets might indicate the model is too simple to capture complex relationships (high bias).

Analyzing variance and bias helps refine the model and guide decisions such as feature selection, regularization, or model complexity adjustment.

```
y_pred_train = model.predict(x_train)
y_pred_valid = model.predict(x_valid)
y_pred_test = model.predict(x_test)
r2_train = r2_score(y_train, y_pred_train)
mae_train = mean_absolute_error(y_train, y_pred_train)
mse_train = mean_squared_error(y_train, y_pred_train)
r2_valid = r2_score(y_valid, y_pred_valid)
mae_valid = mean_absolute_error(y_valid, y_pred_valid)
mse_valid = mean_squared_error(y_valid, y_pred_valid)
r2_test = r2_score(y_test, y_pred_test)
mae_test = mean_absolute_error(y_test, y_pred_test)
mse_test = mean_squared_error(y_test, y_pred_test)
print(f"R^2 on Training Set: {r2_train:.4f}")
print(f"R^2 on Validation Set: {r2_valid:.4f}")
print(f"R^2 on Test Set:
                               {r2_test:.4f}")
print(f"MAE on Training Set: {mae_train:.4f}")
print(f"MAE on Validation Set: {mae_valid:.4f}")
print(f"MAE on Test Set:
                               {mae_test:.4f}")
print(f"MSE on Training Set: {mse_train:.4f}")
print(f"MSE on Validation Set: {mse_valid:.4f}")
print(f"MSE on Test Set:
                              {mse_test:.4f}")
# Revert log transformation on predictions and actual values
y_train_actual = np.exp(y_train)
y_valid_actual = np.exp(y_valid)
y_test_actual = np.exp(y_test)
y_train_pred_actual = np.exp(y_pred_train)
y_valid_pred_actual = np.exp(y_pred_valid)
y_test_pred_actual = np.exp(y_pred_test)
print("----Original Values----")
# Compute evaluation metrics on the original scale
print("MAE on Training Set:", mean_absolute_error(y_train_actual, y_train_pred_actual))
print("MAE on Validation Set:", mean_absolute_error(y_valid_actual, y_valid_pred_actual))
print("MAE on Test Set:", mean_absolute_error(y_test_actual, y_test_pred_actual))
print("MSE on Training Set:", mean_squared_error(y_train_actual, y_train_pred_actual))
print("MSE on Validation Set:", mean_squared_error(y_valid_actual, y_valid_pred_actual))
print("MSE on Test Set:", mean_squared_error(y_test_actual, y_test_pred_actual))
   R^2 on Training Set:
                           0.7913
    R^2 on Validation Set: 0.7935
    R^2 on Test Set:
    MAE on Training Set: 0.4979
    MAE on Validation Set: 0.4647
    MAE on Test Set:
                           0.5731
    MSE on Training Set:
                           0.4598
    MSE on Validation Set: 0.4032
    MSE on Test Set:
                           0.5785
       --Original Values-
    MAE on Training Set: 59.84898454031607
    MAE on Validation Set: 95.8246481266344
    MAE on Test Set: 80.82602639008775
    MSE on Training Set: 8579.329284927046
    MSE on Validation Set: 20996.284214239535
    MSE on Test Set: 16582.82752878018
```

Analysis per metric:

R^2

R^2 on Training Set: 0.7913

R<sup>2</sup> on Validation Set: 0.7935

R^2 on Test Set: 0.7314

The training and validation R^2 scores are very close, which suggests low variance, the model generalizes well to unseen validation data. However, the R<sup>2</sup> of the test set is slightly lower. This drop is acceptable, but it could be attributed to the fact that the model was trained using a strict chronological split. Since the test set represents data further in time from the training period, it may include new patterns or feature dynamics that the model hasn't seen before. This temporal drift can slightly reduce performance.

The overall moderate R<sup>2</sup> shows moderate bias, as the model caputes 70-80% of variation but misses some matterns.

MAE

MAE on Training Set: 59.84898454031607

MAE on Validation Set: 95.8246481266344

MAE on Test Set: 80.82602639008775

Signs of Variance There is a large gap between training and validation MAE, being 59.84 and 95.82 respectively. This significant performance drop from training to validation data is a sign of high variance. This occurs since the model is too sensitive to the training data and captures random noise from the trianing set and training data-specific fluctuations. This indicates, the model has basically "memorized" the training data instead of learning generalizable patterns.

MSE

MSE on Training Set: 8579.329284927046

MSE on Validation Set: 20996.284214239535

MSF on Test Set: 16582 82752878018

The difference in MSE scores show moderate variance problems since there are significantly higher prediction errors on validation and test compared to training. MSE is much worse than MAE, which might also indicate the model is struggling with large prediction errors, potentially due to extreme values or outliers in cnt.

Conclusion The model shows more variance than bias. While there is some underprediction in certain regions, the primary issue appears to be the model's inability to generalize well from training to validation data.

The chronological ordering of data likely contributes to this variance issue, as patterns may evolve over time, making it harder for the model to perform consistently across different time periods.

## 5. Random Forest Regressor

## √ 5.1 Training

```
rf_model = RandomForestRegressor(n_estimators=100, random_state=2025)
rf_model.fit(x_train_tree, y_train)
y_pred_valid_rf = rf_model.predict(x_valid_tree)
```

### → 5.2 Model Evaluation

```
mse_rf = mean_squared_error(y_valid, y_pred_valid_rf)
mae_rf = mean_absolute_error(y_valid, y_pred_valid_rf)
r2_rf = r2_score(y_valid, y_pred_valid_rf)

print(f"Validation Mean Squared Error (MSE): {mse_rf:.4f}")
print(f"Validation Mean Absolute Error (MAE): {mae_rf:.4f}")
print(f"Validation R^2 Score: {r2_rf:.4f}")

Validation Mean Squared Error (MSE): 0.1191
   Validation Mean Absolute Error (MAE): 0.2351
   Validation R^2 Score: 0.9390
```

### ▼ 5.3 Baseline Comparison

Random Forest significantly outperforms the baseline linear regression model across all evaluation metrics, particularly in terms of R<sup>2</sup> and MSE, indicating a much better fit and lower overall prediction error. While the linear regression model relied on extensive feature engineering such as lag variables, rolling statistics, interaction terms (temp\_hum\_interaction, interaction\_hrsin\_workingday), and cyclical encodings (hr\_sin, hr\_cos) - the Random Forest model achieved superior performance without requiring such transformations.

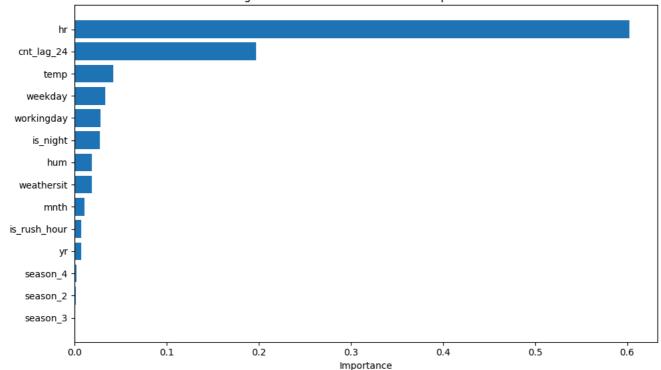
It gets most of its predictive power from a few key features, hr (which alone explaines about 60% of the variance), followed by cnt\_lag\_24, and modest contributions from features like temp, weekday, and workingday. This highlights one of Random Forest's strengths: its ability to automatically model non-linear relationships and interactions through its ensemble of decision trees, making manual feature engineering less critical.

The considerably lower MSE and MAE also suggest that Random Forest generalizes better and is more robust to noise or outliers in the data. Lastly, the substantial change in R<sup>2</sup>, from 0.79 to 0.93, further supports that some of the complex engineered features in the linear regression setup may not have been as effective and may have even introduced noise, whereas Random Forest focused on capturing the most relevant patterns directly from the raw data.

### ✓ 5.4 Feature Importance

```
importances = rf_model.feature_importances_
features = x_train_tree.columns
importance_df = pd.DataFrame({'Feature': features, 'Importance': importances})
importance_df = importance_df.sort_values(by='Importance', ascending=False)
print(importance_df.head(20))
plt.figure(figsize=(10, 6))
plt.barh(importance_df['Feature'], importance_df['Importance'])
plt.xlabel('Importance')
plt.title('Figure 30: Random Forest Feature Importances')
plt.gca().invert_yaxis() # Highest importance on top
plt.tight_layout()
plt.show()
₹
              Feature
                       Importance
    2
                         0.602799
     8
           cnt_lag_24
                         0.197496
     6
                         0.042084
                 temp
     3
                         0.033203
              weekday
    4
10
                         0.028534
          workingday
             is_night
                         0.027558
     7
                  hum
                         0.018985
     5
           weathersit
                         0.018882
     1
                 mnth
                         0.011001
     9
         is_rush_hour
                         0.007714
     0
                         0.007310
                   yr
     13
             season_4
                         0.002092
     11
             season_2
                         0.001538
     12
             season 3
                         0.000805
```

Figure 30: Random Forest Feature Importances



The feature importance plot highlights hr (hour of the day) as by far the most influential predictor, contributing over 60% to the model's decision-making. This makes sense, as bike rental demand tends to follow strong hourly patterns, especially with rush hours and daily commuting trends.

The second most important feature is cnt\_lag\_24, which captures the bike count exactly 24 hours earlier, showing past behavior to be indicative of future demand.

Together, these two features dominate the model, suggesting that time-based patterns are the key for predictions.

Other features like temp, weekday, and workingday contribute modestly, indicating that environmental and other related variables still add some predictive value, but much less so compared to hourly/daily demand.

## 6. Gradient Boosting Regressor

## ✓ 6.1 Training

```
xgb_model = XGBRegressor(n_estimators=100, random_state=2025)
xgb_model.fit(x_train_tree, y_train)
y_pred_valid_xgb = xgb_model.predict(x_valid_tree)
```

#### 6.2 Model Evaluation

```
mse_xgb = mean_squared_error(y_valid, y_pred_valid_xgb)
mae_xgb = mean_absolute_error(y_valid, y_pred_valid_xgb)
r2_xgb = r2_score(y_valid, y_pred_valid_xgb)

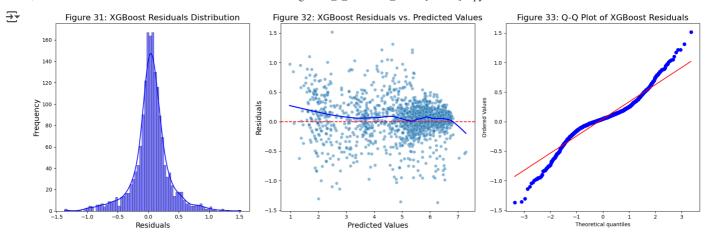
print(f"Validation Mean Squared Error (MSE): {mse_xgb:.4f}")
print(f"Validation Mean Absolute Error (MAE): {mae_xgb:.4f}")
print(f"Validation R^2 Score: {r2_xgb:.4f}")

Validation Mean Squared Error (MSE): 0.0926
    Validation Mean Absolute Error (MAE): 0.2061
```

### 6.3 Visualizations

Validation R^2 Score: 0.9526

```
residuals_xgb = y_valid - y_pred_valid_xgb
# Plots
fig, axes = plt.subplots(1, 3, figsize=(18, 6))
# Residuals Distribution (XGBoost)
sns.histplot(residuals_xgb, kde=True, ax=axes[0], color='blue')
axes[0].set_title('Figure 31: XGBoost Residuals Distribution', fontsize=16)
axes[0].set_xlabel('Residuals', fontsize=14)
axes[0].set_ylabel('Frequency', fontsize=14)
# Residuals vs. Predicted Values (XGBoost)
sns.scatterplot(x=y_pred_valid_xgb, y=residuals_xgb, ax=axes[1], alpha=0.5)
axes[1].axhline(0, color='red', linestyle='--')
# LOWESS smoothing line
lowess = sm.nonparametric.lowess(residuals_xgb, y_pred_valid_xgb, frac=0.2)
axes[1].plot(lowess[:, 0], lowess[:, 1], color='blue', linewidth=2)
axes[1].set_title('Figure 32: XGBoost Residuals vs. Predicted Values', fontsize=16)
axes[1].set_xlabel('Predicted Values', fontsize=14)
axes[1].set_ylabel('Residuals', fontsize=14)
# Q-Q Plot of Residuals (XGBoost)
from scipy import stats
stats.probplot(residuals_xgb, dist="norm", plot=axes[2])
axes[2].set_title('Figure 33: Q-Q Plot of XGBoost Residuals', fontsize=16)
plt.tight_layout()
plt.show()
```



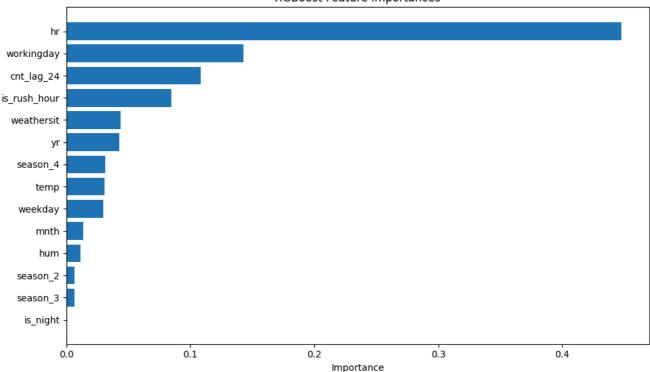
When comparing the residual plots of the baseline Linear Regression model to those of XGBoost, several key differences can be seen. Although the residuals from Linear Regression appear slightly more normally distributed — especially in the Q-Q plot, where they align more closely with the diagonal — this doesn't necessarily translate to better model performance. In fact, Linear Regression exhibits more variance and clear patterns in the residuals, particularly a curved trend in the residuals vs. predicted plot, which could be an early sign of the model not fully capturing edge cases. On the other hand, XGBoost's residuals are more tightly centered around zero, with less visible structure and fewer large errors, even if they slightly deviate from perfect normality. This highlights an important point: XGBoost doesn't require normally distributed residuals to perform well. Its strength lies in capturing complex, nonlinear relationships, and that's reflected in the cleaner residual patterns and tighter error distribution. So, even though Linear Regression fulfills the normality assumption more closely, XGBoost offers more accurate and reliable predictions, making it the stronger model overall.

```
# Get feature importances as a DataFrame
importances = xgb_model.feature_importances_
features = x_train_tree.columns  # or x_valid.columns depending on what you used
importance_df = pd.DataFrame({
    'Feature': features,
    'Importance': importances
}).sort_values(by='Importance', ascending=False)

# Plot
plt.figure(figsize=(10, 6))
plt.barh(importance_df['Feature'], importance_df['Importance'])
plt.sdabel("Importance")
plt.xlabel("Importance")
plt.title("XGBoost Feature Importances")
plt.tight_layout()
plt.show()
```

## $\overline{\pm}$

### **XGBoost Feature Importances**



When comparing XGBoost to Random Forest, XGBoost demonstrates consistently stronger performance across all evaluation metrics. It achieves a higher R^2 score and lower MAE and MSE, indicating more accurate and robust predictions.

In terms of feature usage, both models heavily rely on hr, but Random Forest was more skewed, hr alone explained over 60% of the importance. In contrast, XGBoost distributed importance more evenly across additional predictors like workingday, cnt\_lag\_24, and is\_rush\_hour. This suggests that XGBoost is better at capturing complex patterns, making use of a broader range of features to explain the variance in the data more effectively.

This makes sense since XGBoost builds trees sequentially, correcting previous errors, while Random Forest builds them independently. This sequential learning allows XGBoost to focus more precisely on cases that are difficult to predict and reduce bias, which contributes to its better overall performance.

# 6.4 Variance

```
y_valid_actual = np.exp(y_valid)
y_pred_valid_actual = np.exp(y_pred_valid_xgb)

mae_actual = mean_absolute_error(y_valid_actual, y_pred_valid_actual)
mse_actual = mean_squared_error(y_valid_actual, y_pred_valid_actual)

print(f"MAE (original scale): {mae_actual:.4f}")
print(f"MSE (original scale): {mse_actual:.4f}")

AE (original scale): 42.5647
MSE (original scale): 5358.9833
```

The Validation R<sup>2</sup> score of 0.9526 indicates excellent performance, meaning the model explains over 95% of the variance in the data. The MAE and MSE after log-reverting are quite reasonable.

In terms of residuals, the distribution is sharply peaked and symmetric around zero, which is a good sign. However, its narrowness may suggest that the model is highly confident, possibly overconfident, which could lead to underestimating errors in some cases.

The residuals vs. predicted plot shows a LOWESS curve that slightly dips at both ends, meaning the model tends to underpredict high and low demand extremes. This is common but can be a sign of bias.

The deviations in the tails of the Q-Q plot may suggest that the model may struggles with outliers or extreme values.

Overall, there are no early major signs of overfitting. The model generalizes well to validation data.

## 7. Hyperparameter Tuning

### 7.1 Random Forest - Parameter Tuning

```
rf_model = RandomForestRegressor(random_state=2025)
# hyperparameter grid
param dist = {
     'n_estimators': [100, 200, 300, 400, 500],
                                                                # Number of trees
     'max_depth': [None, 10, 20, 30, 40, 50],
                                                                # Maximum depth of the tree
                                                                # Minimum samples required to split a node
     'min_samples_split': [2, 5, 10, 15],
     'min_samples_leaf': [1, 2, 4, 8]
                                                                # Minimum samples required to be a leaf node
}
# RandomizedSearchCV
random search = RandomizedSearchCV(
    estimator=rf_model,
    param_distributions=param_dist,
    n_iter=20, # Number of different combinations to try
                  # 5-fold cross-validation
    verbose=2,
    n_jobs=-1, # Use all available cores
    random_state=42,
    scoring='neg_mean_squared_error' # Optimize for Mean Squared Error
# fit the RandomizedSearchCV to the training data
random_search.fit(x_train_tree, y_train)
# best estimator
best_rf_model = random_search.best_estimator_
y_pred_valid_rf_tuned = best_rf_model.predict(x_valid_tree)
Fitting 5 folds for each of 20 candidates, totalling 100 fits
     [CV] END max_depth=None, min_samples_leaf=8, min_samples_split=10, n_estimators=400; total time=
     [CV] END max_depth=None, min_samples_leaf=8, min_samples_split=10, n_estimators=400; total time=
                                                                                                                         8.8s
     [CV] END max_depth=None, min_samples_leaf=8, min_samples_split=10, n_estimators=400; total time=
     [CV] END max_depth=None, min_samples_leaf=8, min_samples_split=10, n_estimators=400; total time=
     [CV] END max_depth=None, min_samples_leaf=8, min_samples_split=10, n_estimators=400; total time=
     [CV] END max_depth=40, min_samples_leaf=8, min_samples_split=10, n_estimators=500; total time= 11.4s
     [CV] END max_depth=40, min_samples_leaf=8, min_samples_split=10, n_estimators=500; total time= 11.8s [CV] END max_depth=50, min_samples_leaf=1, min_samples_split=10, n_estimators=500; total time= 13.8s
     [CV] END max_depth=50, min_samples_leaf=1, min_samples_split=10, n_estimators=500; total time= 14.2s [CV] END max_depth=50, min_samples_leaf=1, min_samples_split=10, n_estimators=500; total time= 14.5s
     [CV] END max_depth=50, min_samples_leaf=1, min_samples_split=10, n_estimators=500; total time=
     [CV] END max_depth=50, min_samples_leaf=1, min_samples_split=10, n_estimators=500; total time=
     [CV] END max_depth=30, min_samples_leaf=2, min_samples_split=15, n_estimators=300; total time=
                                                                                                                      7.7s
     [CV] END max_depth=30, min_samples_leaf=2, min_samples_split=15, n_estimators=300; total time=
[CV] END max_depth=30, min_samples_leaf=2, min_samples_split=15, n_estimators=300; total time=
     [CV] END max_depth=30, min_samples_leaf=2, min_samples_split=15, n_estimators=300; total time=
                                                                                                                      7.5s
     [CV] END max_depth=40, min_samples_leaf=8, min_samples_split=10, n_estimators=500; total time= 11.1s
     [CV] END max_depth=40, min_samples_leaf=8, min_samples_split=10, n_estimators=500; total time= 11.3s [CV] END max_depth=40, min_samples_leaf=8, min_samples_split=10, n_estimators=500; total time= 11.5s
     [CV] END max_depth=30, min_samples_leaf=2, min_samples_split=15, n_estimators=300; total time= 7.0s [CV] END max_depth=40, min_samples_leaf=8, min_samples_split=15, n_estimators=500; total time= 10.7s
     [CV] END max_depth=20, min_samples_leaf=1, min_samples_split=10, n_estimators=300; total time=
     [CV] END max_depth=40, min_samples_leaf=8, min_samples_split=15, n_estimators=500; total time=
     [CV] END max_depth=40, min_samples_leaf=8, min_samples_split=15, n_estimators=500; total time= 11.3s
     [CV] END max depth=40, min samples leaf=8, min samples split=15, n estimators=500; total time= 11.1s
```