

PS8

gaoningjing0012

March 2020

1 Question 5

the observation is 404

2 Question 6

Optimal Lambda was found to be $\lambda = 0.0102$ The in sample RMSE was $= 0.180153$ The out of sample RMSE $= 0.1682971$

3 Question 7

The new optimal value of $\lambda = 0.0964$ The in sample RMSE was $= 0.1724076$
The out of sample RMSE $= 0.1637085$

4 Question8

The new optimal value of $\lambda = 0.214$ The in sample RMSE was $= 0.180299$
The out of sample RMSE $= 0.1697518$
I prefer choose the LASSO model.

5 Question9