**Department of Electrical and Computer Engineering**

Homework Assignment No. 06:

**HW No. 06: Expectation Maximization (EM) and Hidden Markov Models (HMMs)**

submitted to:

Professor Joseph Picone

ECE 8527: Introduction to Pattern Recognition and Machine Learning

Temple University

College of Engineering

1947 North 12th Street

Philadelphia, Pennsylvania 19122

February 9th, 2023

prepared by:

Gavin Koma  
Email: gavintkoma@temple.edu

# Task 1

Step 1 was to work with 2d data

# Task 2

Step 2 5d data

# Task 3

Hidden Markov Models (HMMs) are used to model hidden Markov Processes. They are generally defined by 3 parameters:

1. Initialstate probabilities. A vector that describes the initial probabilities of the system when it is in a particular state.
2. Hidden state transition matrix. The rows of this matrix will correspond to one particular hidden state while the columns for each of the row will contain transition probabilities from one state to a new hidden state.
3. Observable emission probabilities. This is a vector that will describe the emission probabilities for a process given a state.

The article continues to explain HMMs with a simple example regarding moods. It really simplified HMMs in my mind and helped me to gain a better understanding of them. I will continue to summarize this article in the following lines while including lines of my code to not only further my understanding but to also provide myself with materials for studying with at a later date.

The article states that there are three general problems which are typically solved using hidden Markov Models.

1. If we are given a set of observations X and the 3 model parameters, then we should calculate the occurrence probability of the observations of X. We can do this by using a forward algorithm.
2. If we are given a set of observations X and the three model parameters and we want to determine the optimal set of hidden states Z that result in X, then we should use the Viterbi algorithm.
3. Finally, if we are given only a set of observations X and our goal is to determine the optimal set of model parameters. Then we can use the Baum-Welch algorithm to solve this.

To follow along with this blog post, the code was followed word for word and graphs were outputted as the author did as well. The graphs are slightly different in color scheme but show the same data. I am slightly curious as to variations in number output, but I wonder if any data has changed from the git database.

Our first graph shows and identical output and depicts the historic gold prices in USD as well as the change in the corresponding day change. We are better able model the daily change in the gold price and thereby better capture the changing state of the market. One important thing to note from this article is the reason for choosing 3 hidden states: we expect **at the very least** for there to be three different measure of daily changes (low, medium, and high).

Chart

Description automatically generated

We are able to confirm our states by viewing the output below. Here we see three states, given in no particular order. Another important thing to note is found in our transition matrix. The values in the diagonal are considered large as opposed to the smaller values that are outside of the diagonal. This allows us to know that our model prefers to remain in the state that it is already in.

Text

Description automatically generated

The final portion of this task required us to output an image that shows market volatility when it has been modeled using a Gaussian emissions Hidden Markov Model. Our model varies slightly in that our state 1 is blue and state 0 is orange while the author of this paper has state 1 as orange and state 0 as blue. This causes it to look slightly different but the outputted states from previous sections show that our model would most likely start in state 1.

Chart, scatter chart

Description automatically generated

An image of the short code was included below:

Text

Description automatically generated

Text

Description automatically generated

# Conclusion