Bayesian Statistics III/IV (MATH3361/4071)	Michaelmas term 2021

Homework 2: Conjugate priors and Jeffreys priors

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For Formative assessment, submit the solutions of the parts 1, 2, and 3 from the Exercise 1, and the solution of the Exercise 2.

Exercise 1. ($\star\star$)Let $x = (x_1, ..., x_n)$ be observables. Consider a Bayesian model such as

$$\begin{cases} x_i|\lambda & \overset{\text{iid}}{\sim} \text{Pn}(\lambda), \ \forall i = 1, ..., n \\ \lambda & \sim \Pi(\lambda) \end{cases}$$

Hint-1 Poisson distribution $x \sim \text{Pn}(\lambda)$ has PMF: $\text{Pn}(x|\lambda) = \frac{1}{x!}\lambda^x \exp(-\lambda)1_{\mathbb{N}}(x)$, where $\mathbb{N} = \{0, 1, 2, ...\}$ and $\lambda > 0$.

Hint-2 Gamma distribution $x \sim \text{Ga}(a, b)$ has PDF: $\text{Ga}(x|a, b) = \frac{b^a}{\Gamma(a)} x^{a-1} \exp(-bx)1_{(0,\infty)}(x)$, with $a > 0$ and $b > 0$.

Hint-2 Negative Binomial distribution $x \sim \text{Nb}(r, \theta)$ has PMF: $\text{Nb}(x|r, \theta) = \binom{r+x-1}{r-1}\theta^r(1-\theta)^x 1_{\mathbb{N}}(x)$ with $\theta \in (0, 1)$, $r \in \mathbb{N} - \{0\}$, and $\mathbb{N} = \{0, 1, 2, ...\}$.

1. Compute the likelihood in the aforesaid Bayesian model.
2. Show that the sampling distribution is a member of the exponential family.
3. Specify the PDF of the conjugate prior distribution $\Pi(\lambda)$ of λ, and identify the parametric family of distributions as $\lambda \sim \text{Ga}(a, b)$, with $a > 0$, and $b > 0$. While you are deriving the conjugate prior distribution of λ, discuss which of the prior hyper-parameters can be considered as the 'strength of the prior information and which can be considered as summarizing the prior information.
4. Compute the PDF of the posterior distribution of λ, identify the posterior distribution as a Gamma distribution $\text{Ga}(\tilde{a}, \tilde{b})$, and compute the posterior hyper-parameters $\tilde{a}$, and $\tilde{b}$.
5. Compute the PMF of the predictive distribution of a future outcome $y = x_{n+1}$, identify the name of the resulting predictive distribution, and compute its parameters.

Solution.

1. The likelihood is

$$f(x|\lambda) = \prod_{i=1}^{n} \text{Pn}(x_i|\lambda) \ = \left(\prod_{i=1}^{n} \frac{1}{x_i!}\right) \lambda^{\sum_{i=1}^{n} x_i} \exp(-n\lambda) \tag{1}$$

2. The k parameter exponential family of distributions has the form

$$\text{Ef}_k(x|u, g, h, \phi, \theta, c) = u(x)g(\theta) \exp(\sum_{j=1}^{k} c_j\phi_j(\theta)h_j(x)); \qquad x \in \mathcal{X}$$

and if sampling space $\mathcal{X}$ does not depend on θ it is also called regular. So I just need to bring the sampling density distribution in this form. It is

$$\text{Pn}(x|\lambda) = \frac{1}{x!}\lambda^x \exp(-\lambda)1_{\mathbb{N}}(x) \;= \frac{1}{x!}\exp(-\lambda)\exp(x\log(\lambda))1_{\mathbb{N}}(x)$$

So $\text{Pn}(\lambda)$ is member of the regular 1-parameter exponential family with

$$u(x) = \frac{1}{x!}1_{\mathbb{N}}(x), \qquad g(\lambda) = \exp(-\lambda), \qquad h_1(x) = x, \qquad \phi_1(\lambda) = \log(\lambda), \qquad c_1 = 1.$$

The sampling space $\mathcal{X}$ does not depend on the uncertain parameter λ and hence it is a regular exponential family of distributions.

3. There are two ways to derive the conjugate prior. I will present both.

Way-1 (Theorem in the Handout)

The sampling distribution is member of the 1- regular exponential distribution family, as the density of the sampling density distribution $\text{Pn}(x|\lambda)$ can be written in the form

$$\text{Pn}(x|\lambda) = u(x)g(\lambda)\exp(\sum_{j=1}^{k} c_j\phi_j(\lambda)h_j(x)); \qquad x \in \mathcal{X}$$

with

$$u(x) = \frac{1}{x!}1_{\mathbb{N}-\{0\}}(x), \qquad g(\lambda) = \exp(-\lambda), \qquad h_1(x) = x, \qquad \phi_1(\lambda) = \log(\lambda), \qquad c_1 = 1.$$

Since the sampling space $\mathcal{X}$ of the sampling distribution does not depend on the unknown parameter λ, (Theorem 20 from the Handout) the conjugate prior is

$$\begin{aligned}\pi(\lambda) &\propto\; g(\lambda)^{\tau_0}\exp(c_1\tau_1\phi_1(\lambda)) \\ &= \exp(-\lambda\tau_0)\exp(\tau_1\log(\lambda)) \\ &= \lambda^{\tau_1}\exp(-\lambda\tau_0) \\ &\propto\; \text{Ga}(\lambda|a,b),\;\text{for } a = \tau_1+1,\; b = \tau_0\end{aligned} \tag{2}$$

So the conjugate prior is $\lambda \sim \text{Ga}(\lambda|a,b)$ with $a > 0$ and $b > 0$.

Way-2 (Theorem in the Handout)

The likelihood can be written as

$$f(x|\lambda) = \prod_{i=1}^{n}\text{Pn}(x_i|\lambda) \;= \underbrace{\lambda^{\sum_{i=1}^{n}x_i}\exp(-n\lambda)}_{=k(t(x)|\lambda)}\underbrace{\left(\prod_{i=1}^{n}\frac{1}{x_i!}\right)}_{=\rho(x)} \tag{3}$$

where a kernel of the likelihood is $k(t(x)|\lambda) = \lambda^{\sum_{i=1}^{n}x_i}\exp(-n\lambda)$, with sufficient statistics $t(x) = (n, \sum_{i=1}^{n}x_i)$, and $\rho(x) = \left(\prod_{i=1}^{n}\frac{1}{x_i!}\right)$ is the residual term of it. The dimensionality of the sufficient statistic $t(x)$ does not depend on the sample size n, and the observables are iid. Hence, (Theorem 12 in the Handout) the conjugate prior results as the aforesaid likelihood kernel from (3) where the sufficient statistics are replaced by a priori hyper-parameters $\tau = (\tau_0, \tau_1)$, such as

$$\pi(\lambda) \propto k(\tau|\lambda) = \lambda^{\tau_1}\exp(-\tau_0\lambda) \propto\; \text{Ga}(\lambda|a,b),\;\text{for } a = \tau_1+1,\; b = \tau_0 \tag{4}$$

where I recognize the kernel of the Gamma distribution. So the conjugate prior is $\lambda \sim \text{Ga}(a,b)$ with $a > 0$ and $b > 0$.

In (2) and (4) , as strength of the prior information can be considered the parameter τ_0 (and hence b) because it substitutes the sample size n in the likelihood (1). In (2) and (4) , as prior information summary can be considered the parameter τ_1 (and hence a) because it substitutes the summary $\sum_{i=1}^n x_i$ in the likelihood (1).

4. According to the definition, the posterior PDF can be computed via the Bayes theorem

$$\begin{aligned}\pi(\lambda|x) \propto f(x|\lambda)\pi(\lambda) \quad &\propto \prod_{i=1}^n \text{Pn}(x_i|\lambda)\text{Ga}(\lambda|a,b) \\ &\propto \left(\prod_{i=1}^n \frac{1}{x_i!}\right)\lambda^{\sum_{i=1}^n x_i}\exp(-n\lambda) \times \frac{b^a}{\Gamma(a)}\lambda^{a-1}\exp(-\lambda b) \\ &\propto \lambda^{\sum_{i=1}^n x_i + a - 1}\exp(-\lambda(n+b)) \\ &\propto \text{Ga}(\lambda|\sum_{i=1}^n x_i + a, n+b)\end{aligned}$$

So the posterior distribution is $\lambda|x \sim \text{Ga}(\tilde{a},\tilde{b})$, $\tilde{a} = \sum_{i=1}^n x_i + a$, $\tilde{b} = n + b$.

- Alternatively, we could use the Theorem in the Lecture notes stating the properties of the Conjugate priors... I.e. $\lambda|x \sim \text{Ga}(\sum_{i=1}^n x_i + (\tau_1 + 1), n + (\tau_0))$ –It is up to you...

5. According to the definition, the predictive PMF is

$$\begin{aligned}g(y|x) &= \int_{(0,\infty)} f(y|\lambda)\pi(\lambda|x)\mathrm{d}\lambda \quad = \int_{(0,\infty)} \text{Pn}(y|\lambda)\text{Ga}(\lambda|\tilde{a},\tilde{b})\mathrm{d}\lambda \\ &= \int_{(0,\infty)} \frac{1}{y!}\lambda^y \exp(-\lambda)1_{\mathbb{N}-\{0\}}(y)\frac{\tilde{b}^{\tilde{a}}}{\Gamma(\tilde{a})}\lambda^{\tilde{a}-1}\exp(-\lambda\tilde{b})\mathrm{d}\lambda \\ &= \frac{1}{y!}\frac{\tilde{b}^{\tilde{a}}}{\Gamma(\tilde{a})}1_{\mathbb{N}-\{0\}}(y)\int_{(0,\infty)} \lambda^{y+\tilde{a}-1}\exp(-\lambda(\tilde{b}+1))\mathrm{d}\lambda \\ &= \frac{1}{y!}\frac{\tilde{b}^{\tilde{a}}}{\Gamma(\tilde{a})}\frac{\Gamma(y+\tilde{a})}{(\tilde{b}+1)^{y+\tilde{a}}}1_{\mathbb{N}-\{0\}}(y) \quad = \frac{1}{y!}(\frac{\tilde{b}}{\tilde{b}+1})^{\tilde{a}}(\frac{1}{\tilde{b}+1})^y\frac{\Gamma(y+\tilde{a})}{\Gamma(\tilde{a})}1_{\mathbb{N}-\{0\}}(y) \\ &= \frac{1}{y!}(\frac{\tilde{b}}{\tilde{b}+1})^{\tilde{a}}(\frac{1}{\tilde{b}+1})^y\frac{(y+\tilde{a}-1)(y+\tilde{a}-2)\cdots(\tilde{a})\cancel{\Gamma(\tilde{a})}}{\cancel{\Gamma(\tilde{a})}}1_{\mathbb{N}-\{0\}}(y) \\ &= \frac{1}{y!}(\frac{\tilde{b}}{\tilde{b}+1})^{\tilde{a}}(\frac{1}{\tilde{b}+1})^y(y+\tilde{a}-1)(y+\tilde{a}-2)\cdots(\tilde{a})1_{\mathbb{N}-\{0\}}(y) \\ &= \frac{1}{y!}(\frac{\tilde{b}}{\tilde{b}+1})^{\tilde{a}}(\frac{1}{\tilde{b}+1})^y\frac{(y+\tilde{a}-1)!}{(\tilde{a}-1)!}1_{\mathbb{N}-\{0\}}(y) \quad = \frac{(y+\tilde{a}-1)!}{(\tilde{a}-1)!y!}(\frac{\tilde{b}}{\tilde{b}+1})^{\tilde{a}}(\frac{1}{\tilde{b}+1})^y 1_{\mathbb{N}-\{0\}}(y) \\ &= \binom{y+\tilde{a}-1}{\tilde{a}-1}(\frac{\tilde{b}}{\tilde{b}+1})^{\tilde{a}}(1-\frac{\tilde{b}}{\tilde{b}+1})^y 1_{\mathbb{N}-\{0\}}(y) \quad = \text{Nb}(y|\tilde{a},\frac{\tilde{b}}{\tilde{b}+1})\end{aligned}$$

where $\tilde{a} = \sum_{i=1}^n x_i + a$, $\tilde{b} = n + b$.

Exercise 2. ($\star\star$)Assume observation x sampled from a Maxwell distribution with density

$$f(x|\theta) = \sqrt{\frac{2}{\pi}}\theta^{3/2}x^2\exp(-\frac{1}{2}\theta x^2).$$

Find the Jeffreys prior density for the parameter θ.

Solution. It is

$$\begin{aligned}
f(x|\theta) &= \sqrt{\frac{2}{\pi}}\theta^{3/2}x^2\exp(-\frac{1}{2}\theta x^2) \Longrightarrow \\
\log(f(x|\theta)) &= \log(\sqrt{\frac{2}{\pi}}x^2) + \frac{3}{2}\log(\theta) - \frac{1}{2}\theta x^2 \Longrightarrow \\
\frac{\mathrm{d}}{\mathrm{d}\theta}\log(f(x|\theta)) &= \frac{3}{2}\frac{1}{\theta} - \frac{1}{2}x^2 \Longrightarrow \\
\frac{\mathrm{d}^2}{\mathrm{d}\theta^2}\log(f(x|\theta)) &= -\frac{3}{2}\frac{1}{\theta^2} \Longrightarrow \\
\underbrace{-\mathrm{E}(\frac{\mathrm{d}^2}{\mathrm{d}\theta^2}\log(f(x|\theta)))}_{=I(\theta)} &= \frac{3}{2}\frac{1}{\theta^2} \Longrightarrow \\
\pi(\theta) &\propto \sqrt{I(\theta)} \propto \frac{1}{\theta}
\end{aligned}$$

Hence, we take $\pi(\theta) \propto \frac{1}{\theta}$.