

Problem class sheet 4

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Fact 1. *The following formulas are provided:*

- $(ABCD\dots)^{-1} = \dots D^{-1}C^{-1}B^{-1}A^{-1}$
- $(ABCD\dots)^{\top} = \dots D^{\top}C^{\top}B^{\top}A^{\top}$
- $(A^{\top})^{-1} = (A^{-1})^{\top}$
- $(A + B)^{\top} = A^{\top} + B^{\top}$
- $\frac{\partial}{\partial x} \left((s - Ax)^{\top} W (s - Ax) \right) = -2AW (s - Ax)$

Exercise 2. Consider the model

$$Z = BZ + (I - B)X\beta + E$$

where $E \sim N(0, \sigma^2 I)$, X is a $n \times p$ design matrix X , $\beta \in \mathbb{R}^p$, B is an $n \times n$ matrix with $[B]_{i,i} = 0$ and $(I - B)$ is non-singular.

(1) Show that

$$E(Z) = X\beta$$

$$\text{Var}(Z) = \sigma^2 (I - B)^{-1} (I - B^{\top})^{-1}$$

(2) Show that the above model is SAR for $Z - E(Z)$

(3) Assume that $((I - B)X)^{\top} (I - B)X$ is non-singular. Compute the Maximum Likelihood Estimators (MLE) $\hat{\beta}$ and $\hat{\sigma}^2$ of β and σ^2 .

(4) Derive the sampling distribution of $\hat{\beta}$ given X .

Solution.

(1) It is

$$E(Z) = E(BZ + (I - B)X\beta + E) \iff$$

$$E(Z) = E(BZ) + (I - B)X\beta + E(E) \iff$$

$$(I - B)E(Z) = (I - B)X\beta + \overset{=0}{\cancel{E(E)}} \iff$$

$$E(Z) = X\beta$$

also

$$\begin{aligned}\text{Var}((I - B)Z) &= \text{Var}((I - B)X\beta + E) \\ \text{Var}((I - B)Z) &= \text{Var}(E) \\ (I - B)\text{Var}(Z)(I - B)^\top &= \sigma^2 I \\ \text{Var}(Z) &= (I - B)^{-1} \sigma^2 I (I - B)^{-\top}\end{aligned}$$

(2) It is

$$\begin{aligned}Z - E(Z) &= B(Z - X\beta) + E \iff \\ (Z - X\beta) &= B(Z - X\beta) + E \iff \\ \tilde{Z} &= B\tilde{Z} + E\end{aligned}$$

where $E \sim N(0, \sigma^2 I)$, hence $\tilde{Z} := Z - E(Z)$ is a SAR model given the assumptions taken.

(3) The likelihood of Z given the parameters β , and σ^2 is

$$\begin{aligned}L(Z; \beta, \sigma^2) &= N(Z | E(Z), \text{Var}(Z)) \\ &= N\left(Z | X\beta, (I - B)^{-1} \sigma^2 I (I - B)^{-\top}\right)\end{aligned}$$

Hence

$$\begin{aligned}-2 \log(L(Z; \beta, \sigma^2)) &= -2 \log\left(N\left(Z | X\beta, (I - B)^{-1} \sigma^2 I (I - B)^{-\top}\right)\right) \\ &= \log\left(\det\left((I - B)^{-1} \sigma^2 I (I - B)^{-\top}\right)\right) \\ &\quad + (Z - X\beta)^\top \left((I - B)^{-1} \sigma^2 I (I - B)^{-\top}\right)^{-1} (Z - X\beta) \\ &= \log\left(\det\left((I - B)^{-1} \sigma^2 I (I - B)^{-\top}\right)\right) \\ &\quad + \frac{1}{\sigma^2} (Z - X\beta)^\top (I - B)^\top (I - B) (Z - X\beta)\end{aligned}$$

The likelihood equations are

$$\begin{aligned}0 &= \nabla_{(\beta, \sigma^2)} (-2 \log(L(Z; \beta, \sigma^2))) \big|_{(\beta, \sigma^2) = (\hat{\beta}, \hat{\sigma}^2)} \\ &= \left[\begin{array}{c} \frac{\partial}{\partial \beta} (-2 \log(L(Z; \beta, \sigma^2))) \\ \frac{\partial}{\partial \sigma^2} (-2 \log(L(Z; \beta, \sigma^2))) \end{array} \right]_{(\beta, \sigma^2) = (\hat{\beta}, \hat{\sigma}^2)} \\ &= \left[\begin{array}{c} -\frac{1}{\sigma^2} X^\top 2 (I - B)^\top (I - B) (Z - X\beta) \\ -\frac{n}{\sigma^2} + \frac{1}{\sigma^4} (Z - X\beta)^\top (I - B)^\top (I - B) (Z - X\beta) \end{array} \right]_{(\beta, \sigma^2) = (\hat{\beta}, \hat{\sigma}^2)}\end{aligned}$$

This is because

$$\begin{aligned}
\frac{\partial}{\partial \beta} (-2 \log (L(Z; \beta, \sigma^2))) &= \frac{\partial}{\partial \beta} \left(\frac{1}{\sigma^2} (Z - X\beta)^\top (I - B)^\top (I - B) (Z - X\beta) \right) \\
&= \left[\frac{\partial}{\partial \beta} (Z - X\beta) \right] \frac{\partial}{\partial \xi} \left(\frac{1}{\sigma^2} \xi^\top (I - B)^\top (I - B) \xi \right) \Big|_{\xi=Z-X\beta} \\
&= -\frac{1}{\sigma^2} X^\top 2 (I - B)^\top (I - B) (Z - X\beta)
\end{aligned}$$

and

$$\begin{aligned}
\frac{\partial}{\partial \sigma^2} (-2 \log (L(Z; \beta, \sigma^2))) &= \frac{\partial}{\partial \sigma^2} \left(\log \left(\det \left((I - B)^{-1} \sigma^2 I (I - B)^{-\top} \right) \right) \right) \\
&\quad + \frac{\partial}{\partial \sigma^2} \left(\frac{1}{\sigma^2} (Z - X\beta)^\top (I - B)^\top (I - B) (Z - X\beta) \right) \\
&= \frac{\partial}{\partial \sigma^2} (-n \log (\sigma^2)) + \frac{\partial}{\partial \sigma^2} \left(\frac{1}{\sigma^2} \right) (Z - X\beta)^\top (I - B)^\top (I - B) (Z - X\beta) \\
&= -\frac{n}{\sigma^2} + \frac{1}{\sigma^4} (Z - X\beta)^\top (I - B)^\top (I - B) (Z - X\beta)
\end{aligned}$$

So the likelihood equations are

$$\begin{aligned}
0 &= X^\top (I - B)^\top (I - B) (Z - X\hat{\beta}) \\
0 &= -\frac{n}{\hat{\sigma}^2} + \frac{1}{\hat{\sigma}^4} (Z - X\hat{\beta})^\top (I - B)^\top (I - B) (Z - X\hat{\beta})
\end{aligned}$$

Solving the first equation wrt $\hat{\beta}$ I get

$$\begin{aligned}
0 &= X^\top (I - B)^\top (I - B) (Z - X\hat{\beta}) \iff \\
0 &= X^\top (I - B)^\top (I - B) Z - X^\top (I - B)^\top (I - B) X\hat{\beta} \iff \\
X^\top (I - B)^\top (I - B) X\hat{\beta} &= X^\top (I - B)^\top (I - B) Z \iff \\
\hat{\beta} &= \left(X^\top (I - B)^\top (I - B) X \right)^{-1} X^\top (I - B)^\top (I - B) Z
\end{aligned}$$

provided that $X^\top (I - B)^\top (I - B) X$ is non-singular (this is given, anyway).

Solving the second equation wrt $\hat{\sigma}^2$ I get

$$\begin{aligned}
0 &= -\frac{n}{\hat{\sigma}^2} + \frac{1}{\hat{\sigma}^4} (Z - X\hat{\beta})^\top (I - B)^\top (I - B) (Z - X\hat{\beta}) \iff \\
0 &= -\frac{n}{1} + \frac{1}{\hat{\sigma}^2} (Z - X\hat{\beta})^\top (I - B)^\top (I - B) (Z - X\hat{\beta}) \iff \\
\hat{\sigma}^2 &= \frac{1}{n} (Z - X\hat{\beta})^\top (I - B)^\top (I - B) (Z - X\hat{\beta})
\end{aligned}$$

- (4) It is Normal as a linear combination of Normally distributed random variables. Its moments (mean and variance) are

$$\begin{aligned}
E(\hat{\beta}|X) &= E\left(\left(X^\top (I - B)^\top (I - B) X\right)^{-1} X^\top (I - B)^\top (I - B) Z|X\right) \\
&= \left(X^\top (I - B)^\top (I - B) X\right)^{-1} X^\top (I - B)^\top (I - B) E(Z|X) \\
&= \left(X^\top (I - B)^\top (I - B) X\right)^{-1} X^\top (I - B)^\top (I - B) X \beta \\
&= \beta
\end{aligned}$$

and

$$\begin{aligned}
\text{Var}(\hat{\beta}|X) &= \text{Var}\left(\left(X^\top (I - B)^\top (I - B) X\right)^{-1} X^\top (I - B)^\top (I - B) Z|X\right) \\
&= \left(X^\top (I - B)^\top (I - B) X\right)^{-1} X^\top (I - B)^\top (I - B) \text{Var}(Z|X) \\
&\quad \left(\left(X^\top (I - B)^\top (I - B) X\right)^{-1} X^\top (I - B)^\top (I - B)\right)^\top \\
&= \left(X^\top (I - B)^\top (I - B) X\right)^{-1} X^\top \cancel{(I - B)^\top (I - B)} \\
&\quad \sigma^2 \cancel{(I - B)^{-1} (I - B)^\top}^{-1} \\
&\quad \left(\left(X^\top (I - B)^\top (I - B) X\right)^{-1} X^\top (I - B)^\top (I - B)\right)^\top \\
&= \sigma^2 \left(\cancel{X^\top (I - B)^\top (I - B) X}\right)^{-1} X^\top \cancel{(I - B)^\top (I - B)} X \left(X^\top (I - B)^\top (I - B) X\right)^{-1} \\
&= \sigma^2 \left(X^\top (I - B)^\top (I - B) X\right)^{-1}
\end{aligned}$$

- Notice that, in Frequentist Statistical framework, once we have computed the sampling distributions (those above), we can produce inference tools in the similar manner to Normal Linear regression.

Exercise 3. Suppose that \mathcal{S} is a finite set that contains at least two elements and is equipped with a symmetric relation \sim . Consider the Poisson auto-regression model defined as

$$\begin{cases} y_i | y_{\mathcal{S} \setminus \{i\}} \sim \text{Poisson}(\mu_i) \\ \log(\mu_i) = \theta \sum_{i \sim j, j \neq i} y_j \end{cases}$$

for $y \in \mathbb{N}^{\mathcal{S}}$.

Hint: You can use that if $X \sim \text{Poisson}(\mu)$ then X has PMF

$$\Pr_X(x|\mu) = \frac{1}{x!} \exp(-\mu) \mu^x \mathbf{1}(x \in \{0, 1, 2, \dots\})$$

(1) Show that the above model is well-defined if and only if $\theta \leq 0$.

(2) Find the canonical potential with respect to $\zeta = 0$.

Solution. It is

$$\Pr_i(y_i | y_{\mathcal{S} \setminus \{i\}}) = \frac{1}{y_i!} \exp(-\mu_i) \mu_i^{y_i} \mathbf{1}(y_i \in \mathbb{N})$$

(1) It is

$$\Pr_i(y_i = 0 | y_{\mathcal{S} \setminus \{i\}}) = \exp(-\mu_i)$$

and

$$\Pr_i(y_i = \ell | y_{\mathcal{S} \setminus \{i\}}) = \frac{1}{\ell!} \exp(-\mu_i) \mu_i^\ell$$

for $\ell \in \mathbb{N}$. Then by the Besag's factorization theorem wrt reference 0 it is

$$\begin{aligned} \frac{\Pr_Y(y)}{\Pr_Y(0)} &= \prod_{i \in \mathcal{S}} \frac{\Pr_i(y_i | y_1, \dots, y_{i-1}, 0, \dots, 0)}{\Pr_i(0 | y_1, \dots, y_{i-1}, 0, \dots, 0)} \\ &= \prod_{i \in \mathcal{S}} \frac{\frac{1}{y_i!} \exp(-\mu_i) \mu_i^{y_i}}{\exp(-\mu_i)} = \prod_{i \in \mathcal{S}} \frac{1}{y_i!} \mu_i^{y_i} \\ &= \prod_{i \in \mathcal{S}} \frac{1}{y_i!} \exp\left(\theta \sum_{i \sim j, j \neq i} y_j\right)^{y_i} \\ &= \exp\left(\theta \sum_{i \sim j, j \neq i} y_i y_j - \sum_{i \in \mathcal{S}} \log(y_i!)\right) \end{aligned}$$

That is

$$\Pr_Y(y) = \exp\left(\theta \sum_{i \sim j, j \neq i} y_i y_j - \sum_{i \in \mathcal{S}} \log(y_i!)\right) \Pr_Y(0)$$

Now, if $\theta \leq 0$ then $\theta \sum_{i \sim j, j \neq i} y_i y_j \leq 0$ hence the constant is

$$\begin{aligned} \sum_{y \in \mathbb{N}^S} \frac{\Pr_Y(y)}{\Pr_Y(0)} &= \sum_{y \in \mathbb{N}^S} \exp \left(\theta \sum_{i \sim j, j \neq i} y_i y_j - \sum_{i \in S} \log(y_i!) \right) \\ &\leq \sum_{y \in \mathbb{N}^S} \exp \left(- \sum_{i \in S} \log(y_i!) \right) \\ &= \sum_{y \in \mathbb{N}^S} \prod_{i \in S} \frac{1}{y_i!} \\ &= \left(\sum_{\ell=0}^{\infty} \frac{1}{\ell!} \right)^{\text{Card}(S)} = \exp(\text{Card}(S)) < \infty \end{aligned}$$

If $\theta > 0$ without loss of generality consider the first two sites and suppose that $1 \sim 2$, then

$$\frac{\Pr_Y \left((y_1, y_2, 0, \dots, 0)^\top \right)}{\Pr_Y(0)} = \frac{\exp(\theta y_1 y_2)}{y_1! y_2!}$$

should be summable. However, the series

$$\sum_{y_1=1}^{\infty} \sum_{y_2=1}^{\infty} \frac{\exp(\theta y_1 y_2)}{y_1! y_2!} = \infty$$

diverges as the general term $\frac{\exp(\theta y_1 y_2)}{y_1! y_2!}$ does not go to zero.

(2) By definition, $V_\emptyset = 0$.

Then I will use Theorem 59 from Handout 4, and $\zeta = 0$.

For $\mathcal{A} = \{i\}$, it is

$$V_{\{i\}}(y) = \log \left(\Pr_i(y_i | 0, \dots, 0) \right) - \log \left(\Pr_i(0 | 0, \dots, 0) \right) = -\log(y_i!)$$

For $\mathcal{A} = \{i, j\}$, it is

$$\begin{aligned} V_{\{i, j\}}(y) &= \log \left(\Pr_i(y_i | y_j, 0, \dots, 0) \right) \\ &\quad - \log \left(\Pr_i(y_i | 0, \dots, 0) \right) - \log \left(\Pr_i(y_j | 0, \dots, 0) \right) \\ &\quad + \log \left(\Pr_i(0 | 0, \dots, 0) \right) \\ &= -y_i y_j 1(i \sim j) \end{aligned}$$

So

$$V_{\{i, j\}}(y) = -y_i y_j 1(i \sim j)$$

Since the joint distribution is proportional such as

$$\begin{aligned}\Pr_Y(y) &= \exp\left(\theta \sum_{i \sim j, j \neq i} y_i y_j - \sum_{i \in \mathcal{S}} \log(y_i!)\right) \Pr_Y(0) \\ &\propto \exp\left(\theta \sum_{i \sim j, j \neq i} y_i y_j - \sum_{i \in \mathcal{S}} \log(y_i!)\right)\end{aligned}$$

all the other potentials are zero.

Perhaps not the most elegant derivation. Proposition ?? in Handout 4 provides a more elegant tool to compute such stuff which is based on the “exponential distribution family”.
