

Exercise sheet

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Part 1. Types of spatial data

(*)(Columbus Columbus OH data set) Figure 1a shows the Property crime (number per thousand households) in 49 districts in Columbus in 1980, as well as the average value of the house in USD. Figure 1b presents the corresponding average house value. This is the R dataset `columbus{spdep}`. Interest may lie to find whether high rates of crime are clustered in a particular areas, and if yes, perhaps what is the association of it with the value of the houses in the area. To which principal spatial statistical are would you associate this problem?

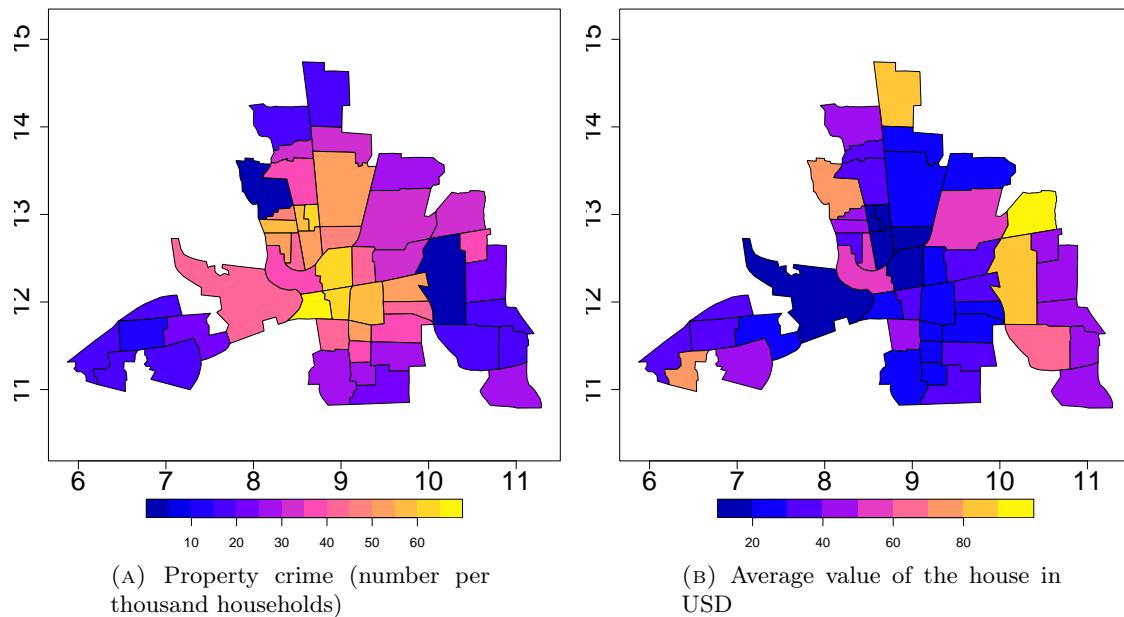


FIGURE 1. Columbus Columbus OH spatial analysis dataset

Solution. Aerial unit data / spatial data on lattices

Exercise 1. (*)(Soil chemistry properties data set.) It contains measurements of various chemical properties of soil samples collected at different locations in a field. These properties include: the acidity or alkalinity of the soil (PH), the salt concentration in the soil (Salinity), and others. It

is the R dataset `soil250{geoR}`. Figure 2 presents the locations these measurements are taken. The data (measurements) are in fixed locations at a regular grid of points. The domain scientist would be interested in the nutrient levels and pH to assess soil fertility and make recommendations for agricultural practices. The statistician could (i.) estimate/predict values of soil properties at unsampled locations based on measurements at sampled locations; and (ii.) assess the spatial variability of soil properties (nutrient levels and pH) to identify regions with high or low variability. To which principal spatial statistical are would you associate this problem?

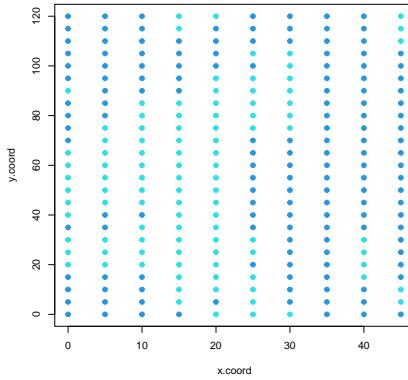


FIGURE 2. Soil chemistry data set

Solution. Point referenced data, or geostatistical data

Exercise 2. (★)(Wolfcamp-aquifer data) Figure 3 presents locations and levels (in feet above sea level) of piezometric head for the aquifer; they are obtained by drilling a narrow pipe into the aquifer and letting the water find its own level in the pipe. After rigorous screening of unsuitable wells, 85 remained. There is interest to find where the radionuclide contamination would flow from the site in Deaf Smith County, Texas. Beneath Deaf Smith County is a deep brine aquifer known as the Wolfcamp aquifer, a potential pathway for any radionuclides leaking from the repository. The predicted direction of flow can be used to determine locations of downgradient and upgradient wells for a groundwater monitoring system. A first direction in analyzing this spatial data set is to draw a map of a predicted surface based on the (irregularly located) 85 data. To which principal spatial statistical are would you associate this problem?



FIGURE 3. Wolfcamp-aquifer data. Piezometric-head levels (feet above sea level) vs coordinates.

Solution. Point referenced data, or geostatistical data

Exercise 3. (★)(Swiss rainfall data) Figure 4 presents the locations of the 100 locations in Switzerland as dots whose size and color indicates the amount of the corresponding rainfall measurements (in 10th of mm) taken on May 8, 1986. This is the R data set `SIC{geoR}`. Observation sites are irregularly spaced, and fixed. A scientific objective may be to analyzing rainfall patterns with purpose to optimize crop planting and irrigation schedules. A statistician is able to estimate rainfall values at unsampled locations based on available measurements, create maps that represent the spatial distribution of rainfall, or quantify the uncertainty associated with rainfall estimates and predictions, which are important for risk assessment and decision-making. To which principal spatial statistical are would you associate this problem?

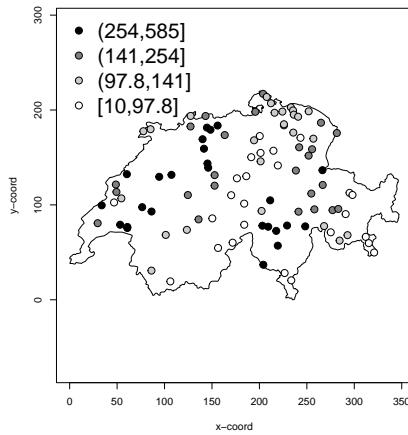


FIGURE 4. Swiss rainfall data

Solution. Point referenced data, or geostatistical data

Exercise 4. (★)(Air pollution in Piemonte.) Figure 5 presents the average PM10 ($\mu\text{g}/\text{m}^3$) concentration during October 2005–March 2006 for the 24 monitoring stations in the Piemonte region (Northern Italy). The data (measurements) are at fixed locations at irregular grid points. PM10 is one of the most troublesome pollutants in the area. Environmental agencies need models to predict PM10 at unmonitored sites in order to assess PM10 concentration over an entire region. A geostatistician can build a model which is satisfactory in terms of goodness of fit, interpretability, parsimony, prediction capability and computational costs with purpose to build reliable PM10 concentration maps, equipped with the corresponding uncertainty measure. To which principal spatial statistical are would you associate this problem?

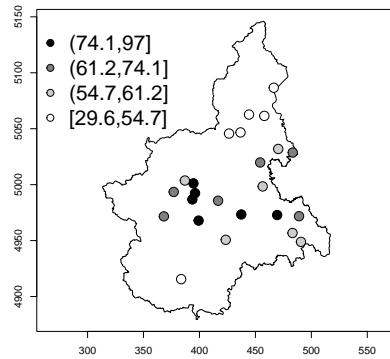


FIGURE 5. (Air pollution data) Average PM10 ($\mu\text{g}/\text{m}^3$) concentration during October 2005–March 2006 for the 24 monitoring stations in the Piemonte

Solution. Point reference data / geostatistical data

Exercise 5. (★)(Scallop abundance data) The scallop data is based on a 1990 survey cruise in the Atlantic continental shelf off Long Island, New York, U.S.A. They are available from R as `scallop` {`SemiPar`}. Figure 6 presents 148 locations (degrees of longitude & latitude) in the Atlantic waters off the coasts of New Jersey and Long Island New York as coordinates and the size of scallop catch at the corresponding location as the dot size. The sites are at fixed locations within an irregular grid of points. Sustainable scallop abundance is critical for the long-term economic viability of the fishing industry. A healthy and stable scallop population supports a consistent source of income for fishermen and related businesses.

- (1) To which principal spatial statistical are would you associate this problem?
- (2) Can you suggest a Bayesian hierarchical model for this? Justify your suggestion.

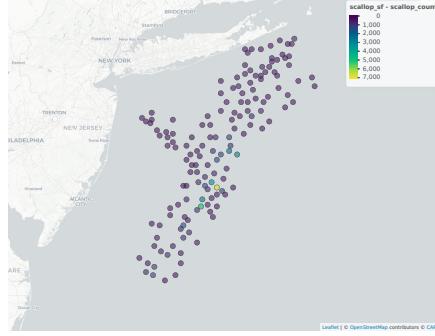


FIGURE 6. Scallop abundance data

Solution.

- (1) Point referenced data, or geostatistical data
- (2) It contains $n = 148$ observations $\{(Z_i, s_i)\}_{i=1}^n$ where the i -th observation contains the observed scallop catch size Z_i at location specified by coordinate $s_i = (s_{1,i}, s_{2,i})^\top$ that is the degrees latitude north of the Equator $s_{2,i}$, and degrees longitude west of Greenwich $s_{1,i}$.

This is definitely a geostatistics problem. Here, we will present a naive way to model it by reflecting what we discussed earlier.

Data model: One may consider that the observations $\{Z_i\}$ at each location are a realization of the actual mean (hence unknown) scallop catch abundance Y_i and as it is a count its distribution can be represented as a Poisson distribution, i.e.

$$Z_i|Y_i, \sigma^2 \stackrel{\text{ind}}{\sim} \text{Poi}(\exp(Y_i)), \quad i = 1, \dots, n$$

Spatial process model: One may consider that in log scale the mean scallop catch abundance $Y_i = \log(E(Z_i|Y_i, \sigma^2))$ is a function where at each finite set of locations $\{s_i\}_{i=1}^n$ and that it follows a Normal distribution with a mean μ with $[\mu]_i = \mu(s_i)$ parametrized as

$$\mu(s) = \exp(\beta_0 + \beta_1 s_1 + \beta_2 s_2 + \beta_{12} s_1 s_2), \text{ at a location } s = (s_1, s_2)^\top$$

with unknown parameter β , and covariance matrix $[C]_{i,j} = c(s_i, s_j)$ parametrized with covariance function

$$c(s, s') = \sigma^2 \exp(-\phi \|s - s'\|)$$

to impose that nearer locations cause stronger dependences in the model. Here β , ϕ , and σ^2 are unknown parameters.

Hierarchical model: To sum up, we have build the hierarchical model

$$(1) \quad \begin{cases} Z_i|Y_i, \sigma^2 \stackrel{\text{ind}}{\sim} \text{Poi}(\exp(Y_i)), & \text{data model} \\ Y|\sigma^2, \beta, \phi \sim N_n(S\beta, C), & \text{spatial process model} \end{cases}$$

Figure 7 shows the hierarchical spatial model (1) for different values of $\theta = (\sigma^2, \beta, \phi)$; the surface corresponds to the spatial process $\{Y(s); s \in \mathbb{R}^2\}$ and is presented at

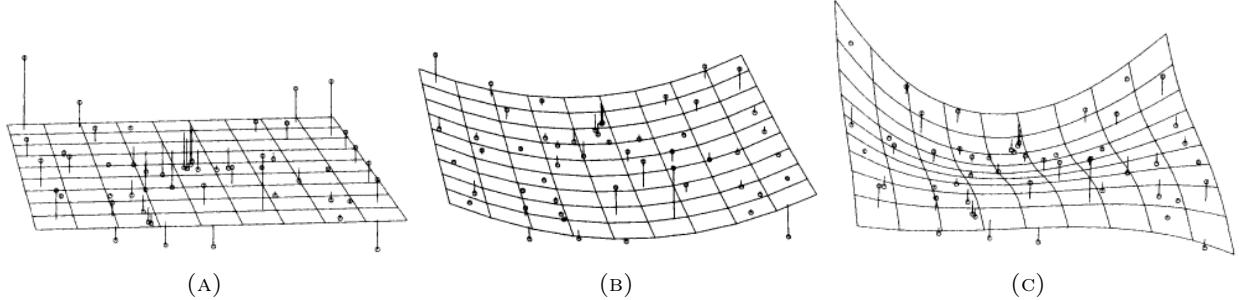


FIGURE 7. Examples representing the hierarchical spatial model for different values of $\theta = (\sigma^2, \beta, \phi)$

three different instances each of them with different values for (β, ϕ) , while the dots correspond to the observations $\{(Z(s_i), s_i)\}_{i=1}^n$ and their deviation from the spatial process is controlled by σ^2 .

Bayesian hierarchical model: If we work on the fully Bayesian framework, we can complete the model with priors on $\theta = (\sigma^2, \beta, \phi)$ for instance $\sigma^2 \sim \text{IG}(\kappa_\sigma, \lambda_\sigma)$, $\phi \sim \text{IG}(\kappa_\phi, \lambda_\phi)$, and $\beta \sim \text{N}_4(b, Iv)$, with some known hyper-parameters $\kappa_\sigma, \lambda_\sigma, \kappa_\phi, \lambda_\phi, b, v$. To sum up, we have build the Bayesian model

$$\begin{cases} Z_i|Y_i, \sigma^2 \stackrel{\text{ind}}{\sim} \text{Poi}(\exp(Y_i)), \text{ data model} \\ Y|\sigma^2, \beta, \phi \sim \text{N}_n(S\beta, C), \text{ spatial process model} \\ \beta \sim \text{N}_4(b, Iv), \text{ hyper-parameter prior model} \\ \sigma^2 \sim \text{IG}(\kappa_\sigma, \lambda_\sigma), \text{ hyper-parameter prior model} \\ \phi \sim \text{IG}(\kappa_\phi, \lambda_\phi), \text{ hyper-parameter prior model} \end{cases}$$

Exercise 6. (★) An example of spatio-temporal data where aerial spatial data are time referenced is given in Figure 8 which shows a spatio-temporal dataset representing the population of the counties of Ohio, USA, from 1968 to 1988. The dataset is available from the SpatialEpiApp R package. Interest lies in not only how the population is only distributed over the spatial domain but also how it evolves during the time. To which principal spatial statistical are would you associate this problem?

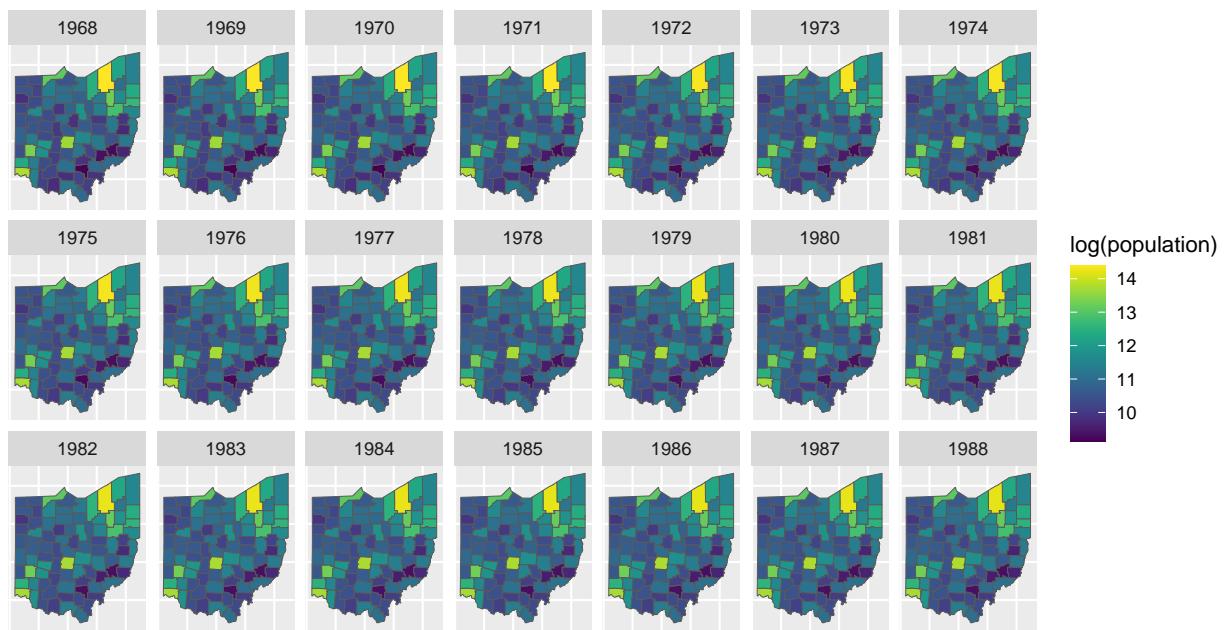


FIGURE 8. Population of the counties of Ohio, USA, from 1968 to 1988.

Solution. Aerial spatio-temporal data

Part 2. Point referenced data / Geostatistics

Exercise 7. (\star) If $c : \mathbb{R}^d \rightarrow \mathbb{R}$ is the covariogram of a weakly stationary random field $Z = (Z_s)_{s \in \mathbb{R}^d}$ then $c(\cdot)$ is semi-positive definite; i.e. for all $n \in \mathbb{N}$, $a \in \mathbb{R}^n$, and $\{s_1, \dots, s_n\} \subseteq S$

$$\sum_{i=1}^n \sum_{j=1}^n a_i a_j c(s_i - s_j) \geq 0$$

Solution. To show that $c(\cdot)$ is semi-positive definite, I need to show that $\forall a \in \mathbb{R}^n - \{0\}$ it is

$$\sum_{i=1}^n \sum_{j=1}^n a_i a_j c(s_i - s_j) \geq 0$$

Well it is

$$\begin{aligned} 0 &\leq \text{Var} \left(\sum_{i=1}^n a_i Z(s_i) \right) = \text{Cov} \left(\sum_{i=1}^n a_i Z(s_i), \sum_{j=1}^n a_j Z(s_j) \right) \\ &= \sum_{i=1}^n a_i \sum_{j=1}^n a_j \text{Cov}(Z(s_i), Z(s_j)) \\ &= \sum_{i=1}^n a_i \sum_{j=1}^n a_j a_j c(s_i, s_j) = \sum_{i=1}^n a_i \sum_{j=1}^n a_j c(s_i - s_j) \end{aligned}$$

Exercise 8. (\star) Show that if $c_1(\cdot, \cdot)$ and $c_2(\cdot, \cdot)$ are covariance functions (are non-negative definite) then so are $c_3(\cdot, \cdot) = bc_1(\cdot, \cdot) + dc_2(\cdot, \cdot)$ with $b, d \geq 0$ and $c_4(\cdot, \cdot) = c_1(\cdot, \cdot) c_2(\cdot, \cdot)$.

Solution. For all $n \in \mathbb{N}$ and a_1, \dots, a_n

$$\begin{aligned} \sum_{i=1}^n a_i \sum_{j=1}^n a_j c_3(s_i, s_j) &= \sum_{i=1}^n a_i \sum_{j=1}^n a_j (bc_1(s_i, s_j) + dc_2(s_i, s_j)) \\ &= \underbrace{\sum_{i=1}^n a_i \sum_{j=1}^n a_j b c_1(s_i, s_j)}_{\geq 0} + \underbrace{\sum_{i=1}^n a_i \sum_{j=1}^n a_j d c_2(s_i, s_j)}_{\geq 0} \\ &\geq 0 \end{aligned}$$

Regarding c_4 , assume independent stochastic processes $(Y_s)_{s \in S}$ and $(X_s)_{s \in S}$ with mean zero and covariance functions $c_1(\cdot, \cdot)$ and $c_2(\cdot, \cdot)$ correspondingly. Let stochastic processes $(Z_s)_{s \in S}$ with

$Z_s = Y_s X_s$. Then

$$\begin{aligned}
\text{Cov}(Z_s, Z_t) &= \text{Cov}(Y_s X_s, Y_t X_t) \\
&= \mathbb{E}(Y_s X_s Y_t X_t) \\
&= \mathbb{E}(Y_s Y_t X_s X_t), \text{ but } Y_s \perp X_s \\
&= \mathbb{E}(X_s X_t) \mathbb{E}(X_s X_t) \\
&= \text{Cov}(X_s, X_t) \text{Cov}(Y_s, Y_t) \\
&= c_1(s, t) c_2(s, t) = c_4(s, t)
\end{aligned}$$

that is $c_4(\cdot, \cdot)$ is a covariance function of a stochastic processes.

Exercise 9. (*) Consider the Gaussian c.f. $c(h) = \sigma^2 \exp(-\beta \|h\|_2^2)$ for $\sigma^2, \beta > 0$ and $h \in \mathbb{R}^d$. Compute the spectral density from Bochner's theorem

Solution. It is

$$\begin{aligned}
f(\omega) &= \left(\frac{1}{2\pi}\right)^d \int_{\mathbb{R}^d} \exp(-i\omega^\top h) \sigma^2 \exp(-\beta \|h\|_2^2) dh \\
&= \sigma^2 \left(\frac{1}{2\pi}\right)^d \prod_{j=1}^d \int_{\mathbb{R}} \exp(-i\omega_j h_j - \beta h_j^2) dh \\
&= \sigma^2 \left(\frac{1}{2\pi}\right)^d \prod_{j=1}^d \left(\int_{\mathbb{R}} \exp\left(-\beta(h_j - (-i\omega_j/(2\beta)))^2\right) dh_j \exp\left(-\omega_j^2/(4\beta)\right) \right) \\
&= \sigma^2 \left(\frac{1}{4\pi\beta}\right)^{d/2} \exp\left(-\|\omega\|_2^2/(4\beta)\right)
\end{aligned}$$

Exercise 10. (*) Consider the Exponential c.f. $c(h) = \sigma^2 \exp(-\beta \|h\|_1^1)$ for $\sigma^2, \beta > 0$ and $h \in \mathbb{R}^d$. Compute the spectral density from Bochner's theorem

Solution. It is

$$\begin{aligned}
f(\omega) &= \left(\frac{1}{2\pi}\right)^d \int_{\mathbb{R}^d} \exp(-i\omega^\top h) \sigma^2 \exp(-\beta \|h\|_1^1) dh \\
&= \sigma^2 \left(\frac{1}{2\pi}\right)^d \prod_{j=1}^d \int_{\mathbb{R}} \exp(-i\omega_j h_j - \beta |h_j|) dh_j
\end{aligned}$$

where

$$\begin{aligned}
\int_{\mathbb{R}} \exp(-i\omega_j h_j - \beta |h_j|) &= \int_{-\infty}^0 \exp(-i\omega_j h_j - \beta |h_j|) dh_j + \int_0^\infty \exp(-i\omega_j h_j - \beta |h_j|) dh_j \\
&= \int_{-\infty}^0 \exp(-i\omega_j h_j + \beta h_j) dh_j + \int_0^\infty \exp(-i\omega_j h_j - \beta h_j) dh_j \\
&= \int_{-\infty}^0 \exp(-(i\omega_j - \beta) h_j) dh_j + \int_0^\infty \exp(-(i\omega_j + \beta) h_j) dh_j \\
&= \int_0^\infty \exp(-(\beta - i\omega_j) h_j) dh_j + \int_0^\infty \exp(-(\beta + i\omega_j) h_j) dh_j \\
&= \frac{1}{(\beta - i\omega_j)} + \frac{1}{(\beta + i\omega_j)} = \frac{2\beta}{\beta^2 + \omega_j^2}
\end{aligned}$$

hence

$$f(\omega) = \sigma^2 \left(\frac{\beta}{\pi} \right)^d \prod_{j=1}^d \frac{1}{\beta^2 + \omega_j^2}$$

(Given as Formative assessment 1)

Exercise 11. (★) Let $Z = (Z(s) : s \in \mathbb{R}^d)$ be an intrinsic random field with $E(Z(s) - Z(t)) = 0$ and let $\gamma : \mathbb{R}^d \rightarrow \mathbb{R}$ be its semivariogram.

- (1) Let $a \in \mathbb{R}^n$ be a vector of constants. Consider sites $\{s_1, \dots, s_n \subseteq \mathbb{R}^d\}$ Show that

$$\text{Var} \left(\sum_{i=1}^n a_i Z(s_i) \right) = \sum_{i=1}^n \sum_{j=1}^n a_i a_j c_I(s_i, s_j)$$

where $c_I(s, t) = \gamma(s - s_0) + \gamma(t - s_0) - \gamma(s - t)$ at some additional $s_0 \in \mathbb{R}^d$.

- (2) Show that for all $n \in \mathbb{N}$, $(a_1, \dots, a_n) \subseteq \mathbb{R}^n$ s.t. $\sum_{i=1}^n a_i = 0$, and for all $(s_1, \dots, s_n) \subseteq S^n$, it is

$$\sum_{i=1}^n \sum_{j=1}^n a_i a_j \gamma(s_i - s_j) \leq 0$$

Solution.

(Given as Formative assessment 1)

Exercise 12. (★) Consider the zero-mean random field $Z = (Z(s) : s \in \mathbb{R}^d)$ with covariogram function given by

$$c(h) = \begin{cases} \xi^2 (1 + \rho \|h\|) \exp(-\rho \|h\|), & h > 0 \\ \nu^2 + \xi^2, & h = 0 \end{cases}$$

- (1) Compute the semivariogram for the random field $(Z(s) : s \in \mathbb{R}^d)$
- (2) What are the nugget, sill and partial sill for this covariance model? Justify your answer.
- (3) Would the slightly altered covariance function defined below be a good model for spatial data for $\phi > 0$? Justify your answer.

$$c(h) = \begin{cases} \xi^2 (1 + \rho \|h\|) \exp(-\rho \|h\|) + \phi, & h > 0 \\ \nu^2 + \xi^2 + \phi, & h = 0 \end{cases}$$

Solution.

(Given as Formative assessment 2)

Exercise 13. (*) Consider we the geostatistical model $(Z(s); s \in \mathcal{S})$ with

$$Z(s) = \mu(s) + w(s) + \varepsilon(s)$$

where $w(s)$ is a weakly stationary process with mean zero and covariogram $c_w(h; \sigma^2, \phi) = \sigma^2 \exp\left(-\frac{1}{\phi} \|h\|\right)$, $\mu(s; \beta)$ is a deterministic function

$$\mu(s; \beta) = \sum_{j=0}^p \psi_j(s) \beta_j = (\psi(s))^\top \beta$$

with unknown coefficients $\beta = (\beta_0, \dots, \beta_p)^\top$ and known basis functions $\psi(s) = (\psi_0(s), \dots, \psi_p(s))^\top$, $\varepsilon(s)$ is a nugget effect process whose covariogram has sill τ^2 , and assume that $w(s)$ and $\varepsilon(s)$ are independent Gaussian Processes.

- (1) Write down the formula of the covariogram $c(h; (\sigma^2, \phi, \tau))$ of (Z_s) .
- (2) Consider a re-parametrization $\theta = (\sigma^2, \phi, \xi)$ where $\xi^2 = \frac{\tau^2}{\sigma^2}$ is called signal to noise ratio.
Assume there is available a dataset $\{(s_i, Z_i)\}_{i=1}^n$ where $Z_i := Z(s_i)$ is a realization of $(Z(s); s \in \mathcal{S})$ at site s_i .
 - (a) Let Ψ be a matrix with $[\Psi]_{i,j} = \psi_j(s_i)$. Let D be a matrix such as $[D]_{i,j} = \|s_i - s_j\|$. Consider that you can use convenient notation such as $\exp(D)$ meaning $[\exp(D)]_{i,j} = \exp(D_{i,j})$. Write down the covariance matrix $C(\theta)$ of $Z = (Z_1, \dots, Z_n)^\top$ as a function of D and θ .
 - (b) Write down the log likelihood function $\log(L(Z; \theta))$ of $Z = (Z_1, \dots, Z_n)^\top$ given $\theta = (\sigma^2, \phi, \xi)$.
- (3) Let $r(\cdot)$ (called correlogram) such as $c(\cdot) = \sigma^2 r(\cdot)$. Assume that (ϕ, ξ) as known constants.
 - (a) Compute the likelihood equations¹ w.r.t. (β, σ^2) , and for given (ϕ, ξ) .
 - (b) Compute the MLE $\hat{\beta}_{(\phi, \xi)}$ of β as a function of (ϕ, ξ)
 - (c) Compute the MLE $\hat{\sigma}_{(\phi, \xi)}^2$ of σ^2 as a function of (ϕ, ξ) .
 - (d) Compute the unbiased estimator of $\hat{\sigma}^2$ of σ^2 .

Hint: Consider the fitted values $e = (e_1, \dots, e_n)^\top$ as $e = [I - H]Z$ where $H = (\Psi^\top R^{-1} \Psi)^{-1} \Psi^\top R^{-1}$, and write $\hat{\sigma}_{(\phi, \xi)}^2$ w.r.t. e .

Hint: It is given that $E(Z^\top A Z) = E(Z)^\top A E(Z)^\top + \text{tr}(A \text{Var}(Z))$ when $Z \sim \text{Normal}$

¹that is, the gradient of the log-likelihood

- (4) Compute the so-called log “profiled likelihood” $\log(L(Z; (\phi, \xi)))$ resulting as

$$L(Z; (\phi, \xi)) = L\left(Z; \beta = \hat{\beta}_{(\phi, \xi)}, \sigma^2 = \hat{\sigma}^2_{(\hat{\beta}_{(\phi, \xi)}, \phi, \xi)}, \phi, \xi\right)$$

by replacing the β with $\hat{\beta}_{(\phi, \xi)}$ and σ^2 with $\hat{\sigma}^2_{(\hat{\beta}_{(\phi, \xi)}, \phi, \xi)}$ in the actual likelihood $L(Z; \beta, \theta = (\sigma^2, \phi, \xi))$.

Describe how you would compute suitable values $(\hat{\phi}, \hat{\xi})$ for the MLE of (ϕ, ξ)

Solution.

Exercise 14. (*) Let $(Z(s) : s \in \mathcal{S})$ be a specified statistical model. Assume that $(Z(s) : s \in \mathcal{S})$ is weakly stationary with unknown constant mean $\mu = E(Z(s))$ and known covariogram $c(\cdot)$. Assume there is available a dataset $\{(s_i, Z_i := Z(s_i))\}_{i=1}^n$ and assume they are realizations of $(Z_s)_{s \in \mathcal{S}}$. Assume that the matrix C such as $[C]_{i,j} = c(\|s_i - s_j\|)$ has an inverse. Consider the “Kriging” estimator μ_{KM} of μ as the BLUE (Best Linear Unbiased Estimator)

$$\mu_{\text{KM}} = \sum_{i=1}^n w_i Z(s_i) = w^\top Z,$$

for some unknown $\{w_i\}$ that we need to learn.

- (1) Find sufficient conditions on $w = (w_1, \dots, w_n)$ so that the Kriging estimator μ_{KM} to be unbiased.
- (2) Assume C is invertable. Compute the MSE of μ_{KM} as a function of $w = (w_1, \dots, w_n)$ and C
- (3) Derive the Kriging estimator μ_{KM} of μ as a function of C
- (4) Derive the Kriging standard error as $\sigma_{\text{KM}} = \sqrt{E(\mu_{\text{KM}} - \mu)^2}$ as a function of C

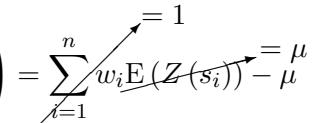
Solution. The method is called Kriging the Mean, and hence we denote it as KM.

- (1) It is

$$\mu_{\text{KM}} = \sum_{i=1}^n w_i Z(s_i) = w^\top Z,$$

where $\{w_i\}$ is a set of unknown weights to be learned.

We assume that assume zero systematic error (unbiasness), hence

$$E(\mu_{\text{KM}} - \mu) = E\left(\sum_{i=1}^n w_i Z(s_i) - \mu\right) = \sum_{i=1}^n w_i E(Z(s_i)) - \mu$$


which is satisfied given the assumption

$$\sum_{i=1}^n w_i = 1 \iff 1^\top w = 1 \quad (\text{ASSUMPTION})$$

- (2) It is

$$\begin{aligned}
E(\mu_{KM} - \mu)^2 &= E(\mu_{KM}^2 + \mu^2 - 2\mu_{KM}\mu) = \sum_{i=1}^n \sum_{j=1}^n w_i w_j E(Z(s_i) Z(s_j)) - \overbrace{\sum_{i=1}^n w_i \sum_{j=1}^n w_j \mu^2}^{=1} \\
&= \sum_{i=1}^n \sum_{j=1}^n w_i w_j (E(Z(s_i) Z(s_j)) - \mu^2) = \sum_{i=1}^n \sum_{j=1}^n w_i w_j c(s_i - s_j) = w^\top C w
\end{aligned}$$

(3) To learn the unknown weights $\{w_i\}$ we need to solve

$$w^{KM} = \arg \min_w E(\mu_{KM} - \mu)^2, \text{ subject to } \sum_{i=1}^n w_i = 1$$

The Lagrange function is

$$\begin{aligned}
\mathcal{L}(w, \lambda) &= \sum_{i=1}^n \sum_{j=1}^n w_i w_j c(s_i - s_j) - 2\lambda \left(\sum_{i=1}^n w_i - 1 \right) \\
&= w^\top C w - 2\lambda (1^\top w - 1)
\end{aligned}$$

The Kriging to mean equations are $0 = \nabla_{w,\lambda} \mathcal{L}(w, \lambda)$ producing

$$\begin{cases} 0 = 2 \sum_{j=1}^n w_j^{KM} c(s_i - s_j) - 2\lambda \quad \forall i = 1, \dots, n \\ 1 = \sum_{i=1}^n w_i^{KM} \end{cases}$$

$$\begin{cases} 2Cw^{KM} - 2\lambda 1 = 0 \\ 1^\top w^{KM} = 1 \end{cases}$$

Given that C^{-1} exists, I multiply by $1^\top C^{-1}$ and I get

$$21^\top C^{-1} C w^{KM} - 21^\top C^{-1} \lambda 1 = 0$$

so

$$\lambda = \frac{1}{1^\top C^{-1} 1}$$

I substitute and I get

$$w^{KM} = \frac{C^{-1} 1}{1^\top C^{-1} 1}$$

So

$$\mu_{KM} = \left(\frac{C^{-1} 1}{1^\top C^{-1} 1} \right)^\top Z$$

(4) It is

$$\sigma_{KM} = \sqrt{E(\mu_{KM} - \mu)^2} = \sqrt{\left(\frac{C^{-1} 1}{1^\top C^{-1} 1} \right)^\top C \frac{C^{-1} 1}{1^\top C^{-1} 1}} = \frac{1}{\sqrt{1^\top C^{-1} 1}}$$

(Given as Formative assessment 2)

Exercise 15. (*) Let $(Z(s); s \in \mathcal{S})$ be a specified statistical model. Assume that process $(Z(s); s \in \mathcal{S})$ has known mean $\mu(s) = E(Z(s))$ and known covariance function $c(\cdot, \cdot)$. Assume there is available a dataset $\{(s_i, Z_i := Z(s_i))\}_{i=1}^n$. Assume that the matrix C such as $[C]_{i,j} = c(s_i, s_j)$ has an inverse. Consider the “Kriging” estimator μ_{SK} . Consider the “Kriging” estimator $Z_{SK}(s_0)$ of $Z(s_0)$ at an unseen spatial location s_0 as the BLUE (Best Linear Unbiased Estimator)

$$Z_{SK}(s_0) = w_{n+1} + \sum_{i=1}^n w_i Z(s_i) = w_{n+1} + w^\top Z,$$

for some unknown $\{w_i\}$ that we need to learn, and $Z = (Z_1, \dots, Z_n)^\top$. Let $w = (w_1, \dots, w_n)^\top$.

- (1) Find sufficient conditions on $w = (w_1, \dots, w_n)^\top$ so that the Kriging estimator $Z_{SK}(s_0)$ to be unbiased.
- (2) Derive the MSE of $Z_{SK}(s_0)$ as

$$E(Z_{SK}(s_0) - Z(s_0))^2 = w^\top C w + c(s_0, s_0) - 2w^\top C_0$$

where C_0 is a vector such as $[C_0]_i = c(s_0, s_i)$.

- (3) Derive the Kriging estimator of $Z(s_0)$ as

$$Z_{SK}(s_0) = \mu(s_0) + C_0^\top C^{-1} [Z - \mu(s_{1:n})]$$

where $\mu(s_{1:n})$ is a vector such as $[\mu(s_{1:n})]_i = \mu(s_i)$.

- (4) Compute the Kriging standard error $\sigma_{SK} = \sqrt{E(Z_{SK}(s_0) - Z(s_0))^2}$.

Solution.

Exercise 16. (*) Assume a spatial model

$$(2) \quad Z(s) = \mu + \delta(s), \quad s \in \mathcal{S}$$

with unknown mean $\mu \in \mathbb{R}$. Assume a set of n observed realizations $Z_i := Z(s_i)$ of (2) at sites s_i for $i = 1, \dots, n$. Assume that $Z(s)$ is a weak stationary stochastic process with known covariogram $c(\cdot)$. Derive the formula for the Ordinary Kriging predictor $Z_0 := Z(s_0)$ at spatial location s_0 and its kriging variance as function of the covariogram $c(h)$ and not the semi-variogram.

Solution.

Exercise 17. (*) Let $(Z(s); s \in \mathcal{S})$ be a specified statistical model. Assume that $(Z(s); s \in \mathcal{S})$ is an intrinsic stationary process with unknown constant mean $\mu = E(Z(s))$ and known semi-variogram $\gamma(\cdot)$. Assume there is available a dataset $\{(s_i, Z_i := Z(s_i))\}_{i=1}^n$. Consider the “Kriging” estimator $Z_{OK}(s_0)$ of $Z(s_0)$ at any unseen spatial location s_0 as the BLUE (Best Linear Unbiased Estimator)

$$Z_{OK}(s_0) = w_{n+1} + \sum_{i=1}^n w_i Z(s_i) = w_{n+1} + w^\top Z$$

for some unknown $\{w_i\}$ that we need to learn, and $Z = (Z_1, \dots, Z_n)^\top$. Let $w = (w_1, \dots, w_n)^\top$.

- (1) Find sufficient conditions on $w = (w_1, \dots, w_n)$ so that the Kriging estimator $Z_{OK}(s_0)$ to be unbiased.
- (2) Derive the MSE of $Z_{OK}(s_0)$ as

$$E(Z_{OK}(s_0) - Z(s_0))^2 = -w^\top \Gamma w + 2w^\top \gamma_0$$

where $\gamma_0 = (\gamma(s_0 - s_1), \dots, \gamma(s_0 - s_n))^\top$ and Γ with $[\Gamma]_{i,j} = \gamma(s_i - s_j)$.

- (3) Assume Γ is invertable matrix. Derive the Kriging estimator of $Z(s_0)$ as

$$Z_{OK}(s_0) = \Gamma^{-1} \left(\gamma_0 + \frac{1 - 1^\top \Gamma^{-1} \gamma_0}{1^\top \Gamma^{-1} 1} 1 \right) Z$$

- (4) Derive the Kriging standard error of $Z_{OK}(s_0)$ as

$$\sigma_{SK} = \sqrt{\gamma_0^\top \Gamma^{-1} \gamma_0 - \frac{(1 - 1^\top \Gamma^{-1} \gamma_0)^2}{1^\top \Gamma^{-1} 1}}$$

Solution.

Exercise 18. (\star)

Inventory of useful formulas.

[Normal distr. conditioning] Let $x_1 \in \mathbb{R}^{d_1}$, and $x_2 \in \mathbb{R}^{d_2}$. If

$$\begin{bmatrix} x_1 \\ x_2 \end{bmatrix} \sim N_{d_1+d_2} \left(\begin{bmatrix} \mu_1 \\ \mu_2 \end{bmatrix}, \begin{bmatrix} \Sigma_1 & \Sigma_{21}^\top \\ \Sigma_{21} & \Sigma_2 \end{bmatrix} \right)$$

then it is

$$x_2 | x_1 \sim N_{d_2}(\mu_{2|1}, \Sigma_{2|1})$$

where

$$\mu_{2|1} = \mu_2 + \Sigma_{21} \Sigma_1^{-1} (x_1 - \mu_1) \quad \text{and} \quad \Sigma_{2|1} = \Sigma_2 - \Sigma_{21} \Sigma_1^{-1} \Sigma_{21}^\top$$

Consider the Bayesian Kriging from your lecture notes:

$$Z(s) = Y(s) + \varepsilon(s), \quad s \in \mathcal{S}$$

where

$$\varepsilon(\cdot) \sim GP(0, c_\varepsilon(\cdot, \cdot | \tau))$$

with $c_\varepsilon(s, s' | \tau) = \tau^2 1_{\{0\}}(\|s - s'\|)$ and

$$Y(\cdot) | \beta, \theta \sim GP(\mu(\cdot | \beta), c_Y(\cdot, \cdot | \sigma^2, \phi))$$

with mean function $\mu(\cdot | \beta)$ (to be specified later) labeled by unknown parameter β and covariance function $c_Y(\cdot, \cdot | \sigma^2, \phi)$.

Assume there is available a dataset $\{(s_i, Z_i)\}_{i=1}^n$ where $Z_i = Z(s_i)$ is a realization of a stochastic process (Z_s) .

- (1) Write the hierarchical spatial model $Z(\cdot)|Y(\cdot), \beta, \varphi$ and $Y(\cdot)|\beta, \varphi$ where $\varphi = (\sigma^2, \phi, \tau)^\top$.
- (2) Write the marginal process $Z(\cdot)|\beta, \varphi$ where $\varphi = (\sigma^2, \phi, \tau)^\top$, its mean function denoted as $\mu(\cdot|\cdot)$, and its covariance function denoted as $c(\cdot|\cdot)$.

Hint: Let Y and X be independent random variables with $X \sim N(\mu_X, \Sigma_X)$, $Y \sim N(\mu_Y, \Sigma_Y)$. Let A and B be fixed matrices. Let c be a fixed vector. Then

$$AX + BY + c \sim N\left(A\mu_X + B\mu_Y + c, A\Sigma_X A^\top + B\Sigma_Y B^\top\right)$$

- (3) Compute the predictive process $Z(\cdot)|Z, \beta, \varphi$ as

$$Z(\cdot)|Z, \beta, \varphi \sim GP(\mu_1(\cdot|\beta, \varphi), c_1(\cdot, \cdot|\varphi))$$

with

$$\begin{aligned} c_1(s, s'|\varphi) &= c(s, s|\varphi) + (C(S, s|\varphi))^\top (C(S, S|\varphi))^{-1} C(S, s'|\varphi) \\ \mu_1(s|\beta, \varphi) &= \mu(s|\beta) - (C(S, s|\varphi))^\top (C(S, S|\varphi))^{-1} (\mu(S|\beta) - Z) \end{aligned}$$

Hint: See the Conditional Normal formula above.

- (4) Assume $\mu(s|\beta) = \psi(s)^\top \beta$. Consider a conjugate prior $\beta \sim N(b, B)$ on β where $B > 0$.
 - (a) Write down the Bayesian statistical model involving layers $[Z|\beta, \varphi]$, and $[\beta|\varphi]$.
 - (b) Compute the posterior distribution as

$$\beta|Z, \varphi \sim N(b_n(\varphi), B_n(\varphi))$$

with

$$\begin{aligned} B_n(\varphi) &= \left(B^{-1} + \Psi^\top (C(S, S|\varphi))^{-1} \Psi\right)^{-1} \\ b_n(\varphi) &= B_n(\varphi) \left(B^{-1}b + \Psi^\top (C(S, S|\varphi))^{-1} Z\right) \end{aligned}$$

where $C(S, S|\varphi)$ is a matrix with $[C(S, S|\varphi)]_{i,j} = c(s_i, s_j|\varphi)$.

Hint: Use the following identity

$$\begin{aligned} (y - \Phi\beta)^\top \Sigma^{-1} (y - \Phi\beta) + (\beta - \mu)^\top V^{-1} (\beta - \mu) &= (\beta - \mu^*)^\top (V^*)^{-1} (\beta - \mu^*) + S^*; \\ V^* &= \left(V^{-1} + \Phi^\top \Sigma^{-1} \Phi\right)^{-1}; \quad \mu^* = V^* \left(V^{-1}\mu + \Phi^\top \Sigma^{-1} y\right) \\ S^* &= \mu^\top V^{-1} \mu - (\mu^*)^\top (V^*)^{-1} (\mu^*) + y^\top \Sigma^{-1} y; \end{aligned}$$

- (c) Compute the (posterior) predictive process $Z(\cdot)|Z, \varphi$ given the data Z and given the parameters φ as

$$Z(\cdot)|Z, \varphi \sim GP(\mu_2(\cdot|\varphi), c_2(\cdot, \cdot|\varphi))$$

with

$$\begin{aligned}\mu_2(s|\varphi) &= \left(\psi(s) - \Psi^\top C^{-1}C(s) \right)^\top \left(B^{-1} + \Psi^\top C^{-1}\Psi \right)^{-1} B^{-1}b \\ &\quad + \left[(C(s))^\top + \left(\psi(s) - \Psi^\top C^{-1}C(s) \right)^\top \left(B^{-1} + \Psi^\top C^{-1}\Psi \right)^{-1} \Psi \right] C^{-1}Z\end{aligned}$$

$$\begin{aligned}c_2(s, s'|\varphi) &= c(s, s'|\varphi) - (C(s))^\top C^{-1}C(s') \\ &\quad + \left(\psi(s) - \Psi^\top C^{-1}C(s) \right)^\top \left(B^{-1} + \Psi^\top C^{-1}\Psi \right)^{-1} \left(\psi(s') - \Psi^\top C^{-1}C(s') \right)\end{aligned}$$

with column vector $C(s) := (c(s, s_1|\varphi), \dots, c(s, s_n|\varphi))^\top$, and matrix $C := C(S, S|\varphi)$.

(d) Compute the marginal likelihood $\Pr(Z|\varphi)$ in the form

$$\Pr(Z|\sigma^2, \varphi) = N\left(Z|\Psi b, \left(C^{-1} - C^{-1}\Psi \left(B^{-1} + \Psi^\top B^{-1}\Psi\right)^{-1} \Psi^\top C^{-1}\right)^{-1}\right)$$

where Ψ is a matrix with $[\Psi]_{i,j} = \psi_j(s_i)$, and R is a matrix with $[C]_{i,j} = c(s_i, s_j|\varphi)$.

Hint-2:: It is

$$\int N(Z|\Psi\beta, C) N(\beta|b, B) d\beta = N\left(Z|\Psi b, C + \Psi B \Psi^\top\right)$$

Hint 3:: [Woodbury matrix identity]

$$(A + UCV)^{-1} = A^{-1} - A^{-1}U \left(C^{-1} + VA^{-1}U \right)^{-1} VA^{-1}$$

(5) Consider non-informative prior $\Pr(\beta) \propto 1$ for β by specifying $b \rightarrow 0$ and letting $B^{-1} \rightarrow 0$.

Argue whether such a prior can be used. Recompute the (asymptotic) quantities $\Pr(Z|\varphi)$, $[Z(\cdot)|Z, \varphi]$ under this new prior in the limit.

Solution.

(1) The hierarchical model is

$$\begin{aligned}Z(\cdot)|Y(\cdot), \tau &\sim GP(Y(\cdot), c_\varepsilon(\cdot, \cdot|\sigma^2, \xi)) \\ Y(\cdot)|\beta, &\sim GP(\mu(\cdot|\beta), c_Y(\cdot, \cdot|\sigma^2, \phi))\end{aligned}$$

(2) We use the additive property of the Gaussian distribution (in Hint) it is

$$Z(\cdot)|\beta, \varphi \sim GP(\mu(\cdot|\beta), c(\cdot, \cdot|\varphi))$$

where

$$c(s, s'|\varphi) = c_Y(s, s'|\sigma^2, \phi) + c_\varepsilon(s, s'|\sigma^2, \xi)$$

(3) Assume a vector of “unseen” sites $S_* = (s_{*,1}, \dots, s_{*,q})^\top$ for any $q \in \mathbb{N}_0$. Let convenient notation $Z := Z(S)$, and $Z_* := Z(S_*)$. The joint marginal distribution of $(Z_*, Z)^\top$ given β , $\varphi = (\sigma^2, \phi, \tau)^\top$ is

$$\begin{pmatrix} Z_* \\ Z \end{pmatrix} | \beta, \varphi \sim N\left(\begin{pmatrix} \mu(S_*; \beta) \\ \mu(S; \beta) \end{pmatrix}, \begin{pmatrix} C(S_*, S_*|\varphi) & (C(S_*, S|\varphi))^\top \\ C(S_*, S|\varphi) & C(S, S|\varphi) \end{pmatrix}\right)$$

by using convenient notation $[C(S_*, S|\varphi)]_{i,j} = s(s_{*,i}, s_j|\varphi)$ and $[\mu(S; \beta)]_i = \mu(s_i; \beta)$. By conditioning the Normal distribution (see Hint), I get

$$Z_*|Z, \beta, \varphi \sim N(\mu_*(S_*|\beta, \varphi), C_*(S_*, S_*|\varphi))$$

where

$$\begin{aligned} C_1(S_*, S_*|\varphi) &= C(S_*, S_*|\varphi) + (C(S, S_*|\varphi))^T (C(S, S|\varphi))^{-1} C(S, S_*|\varphi) \\ \mu_1(S_*|\beta, \varphi) &= \mu(S_*|\beta) - (C(S, S_*|\varphi))^T (C(S, S|\varphi))^{-1} (\mu(S|\beta) - Z) \end{aligned}$$

As it is for any length of of any vector S_* , then it is a Gaussian process

$$Z(\cdot)|Z, \beta, \varphi \sim GP(\mu_1(\cdot|\beta, \varphi), c_1(\cdot, \cdot|\varphi))$$

with

$$\begin{aligned} c_1(s, s'|\varphi) &= c(s, s'|\varphi) + (C(S, s|\varphi))^T (C(S, S|\varphi))^{-1} C(S, s'|\varphi) \\ \mu_1(s|\beta, \varphi) &= \mu(s|\beta) - (C(S, s|\varphi))^T (C(S, S|\varphi))^{-1} (\mu(S|\beta) - Z) \end{aligned}$$

(4)

(a) The Bayesian model is

$$(3) \quad \begin{cases} Z|\beta, \varphi \sim N(\Psi\beta, C(S, S|\varphi)) \\ \beta \sim N(b, B) \end{cases}$$

(b) Let $C := C(S, S|\varphi)$. The posterior distribution (by using Bayes theorem) is

$$\begin{aligned} \Pr(\beta|Z, \varphi) &\propto \Pr(Z|\beta, \varphi) \Pr(\beta|\varphi) \\ &= N(Z|\Psi\beta, C) N(\beta|b, B) \\ &\propto \exp\left(-\frac{1}{2}(Z - \Psi\beta)^T C^{-1} (Z - \Psi\beta)\right) \exp\left(-\frac{1}{2}(\beta - b)^T B^{-1} (\beta - b)\right) \\ &= \exp\left(-\frac{1}{2}\left[(Z - \Psi\beta)^T C^{-1} (Z - \Psi\beta) + (\beta - b)^T B^{-1} (\beta - b)\right]\right) \end{aligned}$$

By using the Hint I have

$$(Z - \Psi\beta)^T C^{-1} (Z - \Psi\beta) + (\beta - b)^T B^{-1} (\beta - b) = (\beta - b_n)^T (B_n)^{-1} (\beta - b_n) + R_n$$

where by denoting $B_n := B_n(\varphi)$, and $b_n := b_n(\varphi)$ I get

$$\begin{aligned} B_n &= (B^{-1} + \Psi^T C^{-1} \Psi)^{-1} \\ b_n &= B_n(B^{-1}b + \Psi^T C^{-1} Z) \end{aligned}$$

and R_n is a “constant” quantity that does not contain any β . Hence

$$\begin{aligned} \Pr(\beta|Z, \varphi) &\propto \exp\left(-\frac{1}{2}(\beta - b_n)^T (B_n)^{-1} (\beta - b_n) - \frac{1}{2}R_n\right) \\ &\propto \exp\left(-\frac{1}{2}(\beta - b_n)^T (B_n)^{-1} (\beta - b_n)\right) \end{aligned}$$

Well, from the above, I recognize the kernel of the Multivariate Normal distribution, as

$$\beta|Z, \varphi \sim N(b_n(\varphi), B_n(\varphi))$$

- (c) Assume a vector of “unseen” sites $S_* = (s_{*,1}, \dots, s_{*,q})^\top$ for any $q \in \mathbb{N} - \{0\}$. Let convenient notation $Z := Z(S)$, and $Z_* := Z(S_*)$. I have already computed

$$\Pr(Z_*|Z, \beta, \varphi) = N(Z_*|\mu_1(S_*|\beta, \varphi), C_1(S_*, S_*|\varphi))$$

from the previous part. It is

$$\begin{aligned}\Pr(Z_*|Z, \varphi) &= \int \Pr(Z_*|Z, \beta, \varphi) \Pr(\beta|Z, \varphi) d\beta \\ &= \int N(Z_*|\mu_1(S_*|\beta, \varphi), C_1(S_*, S_*|\varphi)) N(\beta|b_n, B_n) d\beta\end{aligned}$$

Denote $\Psi_* = \Psi(S_*)$, $C_* = C(S_*, S|\varphi)$, and $C_{**} = C(S_*, S_*|\varphi)$. Notice that

$$\begin{aligned}\mu_1(S_*) &= \Psi_*\beta - C_*C^{-1}(\Psi\beta - Z) \\ &= [\Psi_* - C_*C^{-1}\Psi]\beta + C_*C^{-1}Z\end{aligned}$$

Hence, for given/fixed Z, φ , it is

$$Z_* = C_*C^{-1}Z + [\Psi_* - C_*C^{-1}\Psi]\beta + \zeta, \quad \zeta \sim N(0, C_1(S_*, S_*))$$

Hence, because $\beta \sim N(b_n, B_n)$, and because $Z_*|Z, \varphi$ is a linear combination of the Normally distributed random vector $\beta \sim N(b_n, B_n)$, $Z_*|Z, \varphi$ follows a Normal distribution, with mean

$$\begin{aligned}\mu_2(S_*) &= E_{\beta \sim N(b_n, B_n)}(Z_*|\mu_1(S_*), C_1(S_*, S_*)) \\ &= (\Psi_* - C_*C^{-1}\Psi) E_{\beta \sim N(b_n, B_n)}(\beta) + C_*C^{-1}Z \\ &= (\Psi_* - C_*C^{-1}\Psi) b_n + C_*C^{-1}Z \\ &= (\Psi_* - C_*C^{-1}\Psi) (B^{-1} + \Psi^\top C^{-1}\Psi)^{-1} (B^{-1}b + \Psi^\top C^{-1}Z) + C_*C^{-1}Z \\ &= (\Psi_* - C_*C^{-1}\Psi) (B^{-1} + \Psi^\top C^{-1}\Psi)^{-1} B^{-1}b \\ &\quad + \left[(\Psi_* - C_*C^{-1}\Psi) (B^{-1} + \Psi^\top C^{-1}\Psi)^{-1} \Psi^\top + C_* \right] C^{-1}Z\end{aligned}$$

and with covariance matrix

$$\begin{aligned}C_2(S_*, S_*) &= \text{Var}_{\beta \sim N(b_n, B_n)}(Z_*|\mu_1(S_*), C_1(S_*, S_*)) \\ &= \text{Var}_{\beta \sim N(b_n, B_n)}([\Psi_* - C_*C^{-1}\Psi]\beta) + \text{Var}_{\zeta \sim N(0, C_1(S_*, S_*))}(\zeta) \\ &= [\Psi_* - C_*C^{-1}\Psi] B_n [\Psi_* - C_*C^{-1}]^\top + C_1(S_*, S_*) \\ &= [\Psi_* - C_*C^{-1}\Psi] (B^{-1} + \Psi^\top C^{-1}\Psi)^{-1} [\Psi_* - C_*C^{-1}\Psi]^\top \\ &\quad + C_{**} + C_*C^{-1}(C_*)^\top\end{aligned}$$

Recall that $C(s) = (c(s_1, s|\varphi), \dots, c(s_n, s|\varphi))^{\top}$ is a column vector.

Since this is for any vector S_* of any length, then

$$Z(\cdot)|Z, \varphi \sim \text{GP}(\mu_2(\cdot|\varphi), c_2(\cdot, \cdot|\varphi))$$

with mean function at s

$$\begin{aligned}\mu_2(s|\varphi) &= \left(\psi(s) - (C(s))^{\top} C^{-1} \Psi \right) \left(B^{-1} + \Psi^{\top} C^{-1} \Psi \right)^{-1} B^{-1} b \\ &\quad + \left[\left(\psi(s) - (C(s))^{\top} C^{-1} \Psi \right) \left(B^{-1} + \Psi^{\top} C^{-1} \Psi \right)^{-1} \Psi^{\top} + (C(s))^{\top} \right] C^{-1} Z\end{aligned}$$

and covariance function as s, s'

$$\begin{aligned}c_2(s, s'|\varphi) &= \left[\psi(s) - (C(s))^{\top} C^{-1} \Psi \right] \left(B^{-1} + \Psi^{\top} C^{-1} \Psi \right)^{-1} \left[\psi(s') - (C(s'))^{\top} C^{-1} \Psi \right]^{\top} \\ &\quad + c(s, s'|\varphi) + (C(s))^{\top} C^{-1} C(s')\end{aligned}$$

Recall that $C(s) = (c(s_1, s|\varphi), \dots, c(s_n, s|\varphi))^{\top}$ is a column vector.

(d) It is, from Hint-2,

$$\begin{aligned}\Pr(Z|\varphi) &= \int \Pr(Z|\beta, \varphi) \Pr(\beta) d\beta \\ &= \int N(Z|\Psi\beta, C(S, S|\varphi)) N(\beta|b, B) d\beta \\ &= \int N(Z|\Psi\beta, C(S, S|\varphi)) N(\Psi\beta|\Psi b, \Psi B \Psi^{\top}) d\beta \\ &= N(Z|\Psi b, C(S, S|\varphi) + \Psi B \Psi^{\top})\end{aligned}$$

By letting $C := C(S, S|\varphi)$ and using the Hint I get

$$\left((C + \Psi B \Psi^{\top})^{-1} \right)^{-1} = \left(C^{-1} - C^{-1} \Psi \left(B^{-1} + \Psi^{\top} C^{-1} \Psi \right)^{-1} \Psi^{\top} C^{-1} \right)^{-1}$$

(5) Denote $C = C(S, S|\varphi)$. It is

$$\begin{aligned}\lim_{\substack{B^{-1} \rightarrow 0 \\ b \rightarrow 0}} \Pr(Z|\varphi) &= \lim_{\substack{B^{-1} \rightarrow 0 \\ b \rightarrow 0}} N(Z|\Psi b, C + \Psi B \Psi^{\top}) \\ &\propto N\left(Z|0, \left(C^{-1} - C^{-1} \Psi \left(\Psi^{\top} C^{-1} \Psi \right)^{-1} \Psi^{\top} C^{-1} \right)^{-1}\right) \\ &< \infty\end{aligned}$$

namely the bottom part of the fraction of the posterior of $\beta|Z, \varphi$ is bounded (finite); this implies that the posterior is proper. The posterior of $\beta|Z, \varphi$ has density such as

$$\Pr(\beta|Z, \varphi) \propto \exp\left(-\frac{1}{2} (\beta - b_n)^{\top} B_n^{-1} (\beta - b_n)\right)$$

then by computing the limit

$$\lim_{\substack{B^{-1} \rightarrow 0 \\ b \rightarrow 0}} \exp \left(-\frac{1}{2} (\beta - b_n)^\top B_n^{-1} (\beta - b_n) \right) = \exp \left(-\frac{1}{2} \left(\beta - (\Psi^\top C^{-1} \Psi)^{-1} \Psi^\top C^{-1} Z \right)^\top \left(\Psi^\top C^{-1} \Psi \right) \left(\beta - (\Psi^\top C^{-1} \Psi)^{-1} \Psi^\top C^{-1} Z \right) \right)$$

Hence the limiting case is

$$\beta | Z, \varphi \xrightarrow{\text{approx}} N \left((\Psi^\top C^{-1} \Psi)^{-1} \Psi^\top C^{-1} Z, (\Psi^\top C^{-1} \Psi)^{-1} \right)$$

Hence the predictive process becomes

$$\begin{aligned} Z(\cdot) | Z, \varphi &\xrightarrow{\text{approx}} \text{GP}(\mu_3(\cdot | \varphi), c_3(\cdot, \cdot | \varphi)) \\ \mu_3(s | \varphi) &= \left[(\psi(s) - (C(s))^\top C^{-1} \Psi) (\Psi^\top C^{-1} \Psi)^{-1} \Psi^\top + (C(s))^\top \right] C^{-1} Z \\ c_3(s, s' | \varphi) &= (\psi(s) - (C(s))^\top C^{-1} \Psi) (\Psi^\top C^{-1} \Psi)^{-1} (\psi(s') - (C(s'))^\top C^{-1} \Psi)^\top \\ &\quad + c(s, s' | \varphi) + (C(s))^\top C^{-1} C(s') \end{aligned}$$

Part 3. Aerial unit data / spatial data on lattices