Hw5

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11/13/2020

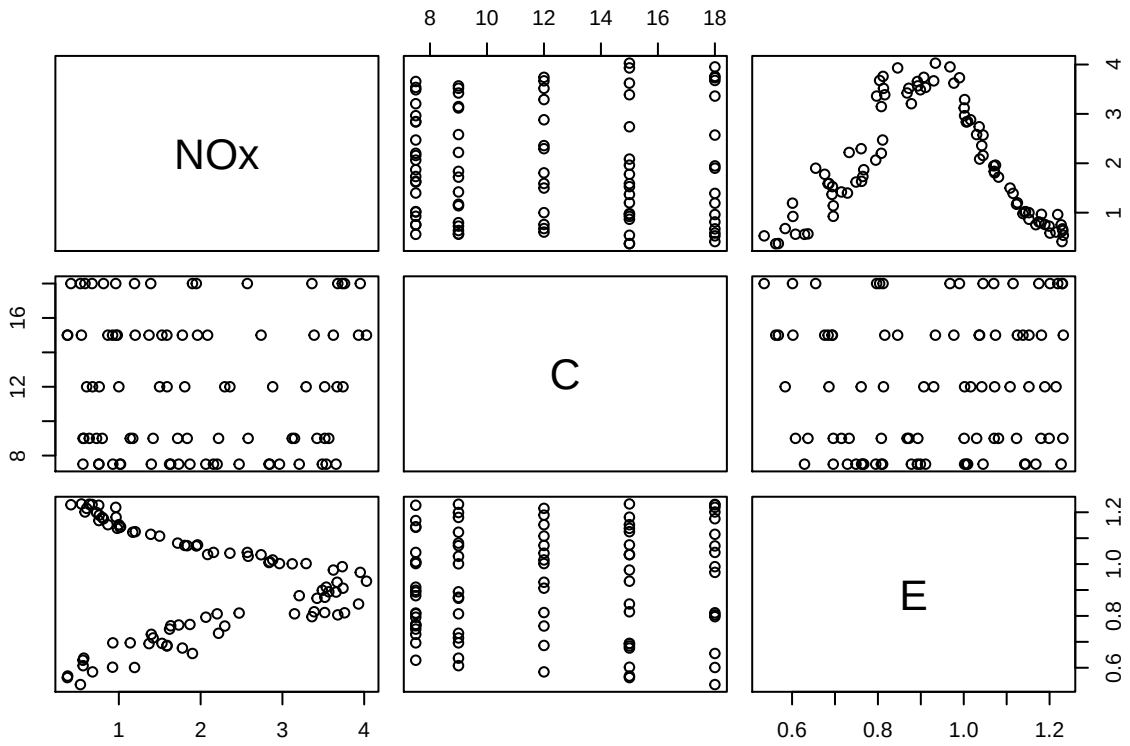
Problem 2: Varying Coefficient Model

Question (a)

See handwritten notes.

Question (b)

```
library(SemiPar)
library(tidyverse)
data(ethanol)
pairs(ethanol)
```



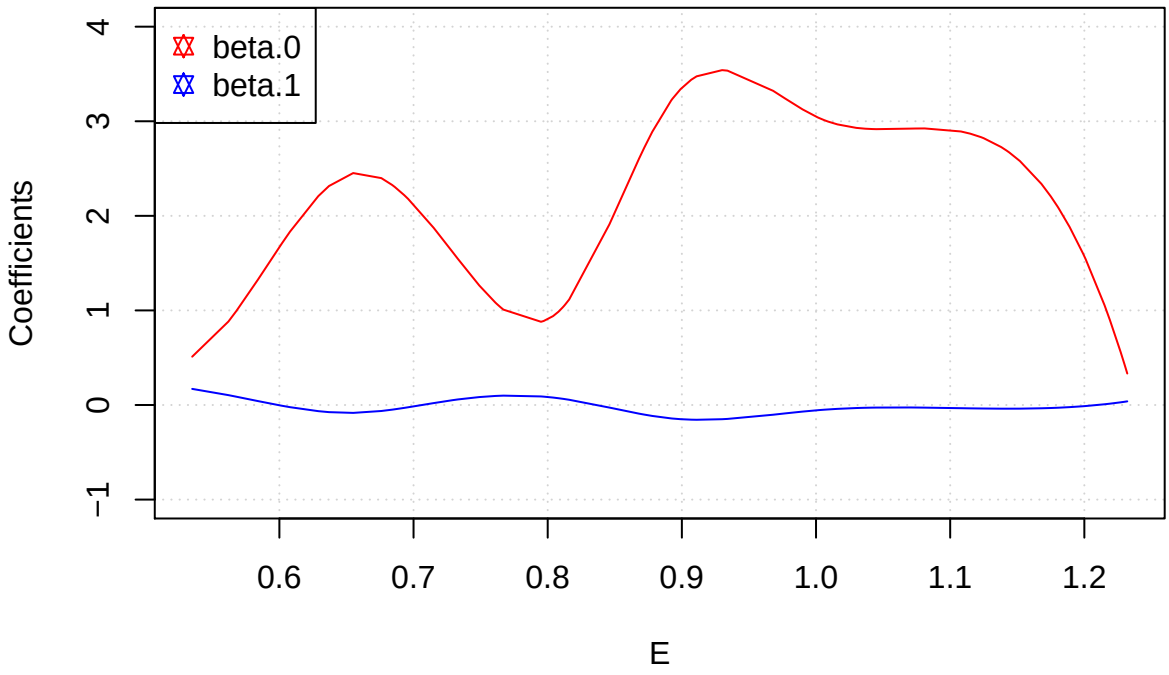

```
y = ethanol$NOx
x = ethanol$C
t = ethanol$E
n = length(x)

data <- data.frame("y" = y, "x" = x, "t" = t)
```

```r
# order `df` with respect to `t`
data <- arrange(data, t)
```

```r
# build cubic splines basis matrix
M = 9
knots = c(data$t[10], data$t[20],
          data$t[30], data$t[40], data$t[50])
H_cubic <- matrix(ncol = M, nrow = n)
for (i in 0:3){
  H_cubic[,i+1] <- (data$t)^i
}
for(i in 1:(M-4)){
  H_cubic[,i+4] <- sapply(data$t,function(r)ifelse(r>=knots[i],(r-knots[i])**3,0))
}

# build predictor matrix X with `2 x M` predictors
X = matrix(nrow = n, ncol = 2*M)
# covariates from intercept term beta_0
for (i in 1:M){
  X[,i] = H_cubic[,i]
}
# covariates from coefficient of `x` beta_1
for (i in 1:M){
  X[,i+M] = data$x * H_cubic[,i]
}

# FIT THE MODEL
model.M <- lm(y ~ X -1)
```

Question (c)

```r
# vector beta.0
theta.0 <- model.M$coefficients[1:9]
beta.0 <- H_cubic %*% theta.0
# vector beta.1
theta.1 <- model.M$coefficients[10:18]
beta.1 <- H_cubic %*% theta.1

# PLots
plot(data$t, beta.0, col = 'red', panel.first=grid(),
     type = 'l', ylim = c(-1, 4), xlab = 'E', ylab = 'Coefficients')
lines(data$t, beta.1, col = 'blue', type = 'l')
legend('topleft', legend = c('beta.0', 'beta.1'), col = c('red', 'blue'), pch = 11)
```


beta.0
beta.1
Coefficients
4
3
2
1
0
−1
0.6
0.7
0.8
0.9
1.0
1.1
1.2
E