STAT 151A Lecture 11

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Remark 0.1 (Quiz 1 Review)

1) Goals of modeling where data comes from

   - Describe associations
   - Prediction $\rightarrow$ know X, want to guess Y
   - Causal inference $\rightarrow$ guess change in Y from possible change in X (not from change in some other variable)

   Where does your data come from? Was it

   - a random experiment? $\rightarrow X$ assigned randomly to subjects
   - a random sample from some population? $\rightarrow$ subjects chosen randomly from population of interest

2) Exploring data

   - Plot the data
     - $\rightarrow$ Univariate plots (histograms, density plots)
     - $\rightarrow$ Bivariate scatter plots $\rightarrow$ for all pairwise relationships (pairs())

     Pay attention to:
     - $\rightarrow$ Skew (univariate)
     - $\rightarrow$ Linearity (bivariate)
     - $\rightarrow$ Outliers
     - $\rightarrow$ Spread
     - $\rightarrow$ Associations/correlations/patterns
     - $\rightarrow$ Scale/measurements
   - Are there transformations that would help me
     - $\rightarrow$ See the patterns
     - $\rightarrow$ Describe the data better using means, SDs, and linear models

     When to transform?
     - $\rightarrow$ Clean curved (Simple monotone) relationship, want to use a linear model
     - $\rightarrow$ Proportion data $\rightarrow$ maybe (logit)
     - $\rightarrow$ Highly skewed data $\rightarrow$ transform to get a clearer visualization, "protect the mean/SD"

     Downsides: Interpretability, transformed variables are harder to explain/think about $\rightarrow$ back to goals of analysis
     "Bulging" rule

3) Least squares regression: Observe $\vec{Y} \in \mathbb{R}^n$, $\mathbf{X} \in \mathbb{R}^{n \times p+1}$

   Solve $\min \left\| \mathbf{Y} - \mathbf{X}\hat{\beta} \right\|^2$, ie project $\mathbf{Y}$ onto $\mathrm{Col}(\mathbf{X})$

   Solution $(\mathbf{X}^\intercal \mathbf{X})\hat{\beta} = \mathbf{X}^\intercal \mathbf{Y} \rightarrow \hat{\beta} = (\mathbf{X}^\intercal \mathbf{X})^{-1} \mathbf{X}^\intercal \mathbf{Y}$, $\hat{\mathbf{Y}} = \mathbf{X}\hat{\beta} = \mathbf{HY}$

   $\vec{e} = \mathbf{Y} - \mathbf{X}\hat{\beta} = (\mathbb{I} - \mathbf{H})\mathbf{Y}$

   $\vec{e} \perp \vec{1}, \vec{e} \perp \vec{x}, \hat{y} \perp \vec{e}$

   $\|\vec{y}\|^2 = \|\hat{y}\|^2 + \|\vec{e}\|^2$

   $\left\| \vec{y} - \bar{y}\vec{1} \right\|^2 = \left\| \hat{y} - \bar{y}\vec{1} \right\|^2 + \|\vec{e}\|^2 \rightarrow \mathrm{TotSS} = \mathrm{Regss} + \mathrm{ErrSS}, R^2 = \frac{RegSS}{TotSS}$

Remark 0.2 (Interpreting element $\hat{\beta}_j$ of $\hat{\beta}$)

1) If $\vec{1}, \vec{x}_1, \vec{x}_2, \ldots, \vec{x}_p$ are all orthogonal
   $\vec{\beta}_j = \frac{\vec{y} \cdot \vec{x}_j}{\vec{x}_j \cdot \vec{x}_j}$ (Same as projecting $\vec{y}$ onto $\vec{x}_j$ alone)

2) If not, more complex formula, removing role of other $\vec{x}$'s:
   $\hat{\beta}_j = \frac{\vec{y} \cdot \vec{e}^{(j)}}{\vec{e}^{(j)} \cdot \vec{e}^{(j)}}$, where $\vec{e}^{(j)}$ is the vector of residuals from regressing $\vec{x}_j$ on other **X**-columns
   Reminder: Regression line/plane always goes through the point $(\bar{y}, \bar{x}_1, \bar{x}_2, \ldots, \bar{x}_p)$
   If you take $\hat{\beta} \cdot (1, \bar{x}_1, \bar{x}_2, \ldots, \bar{x}_p) = \bar{y}$
   Probability: Statement about original data being sampled from some population
   Gauss-Markov probability model $\vec{Y}, \vec{\varepsilon}$ are random variables, β is a vector of parameters, $\mathbb{E}(\vec{\varepsilon}) = 0, \Sigma_{\vec{\varepsilon}\vec{\varepsilon}} = \sigma^2 \mathbb{I}_n$

   $$\vec{Y} = \mathbf{X}\beta + \vec{\varepsilon}$$

   Typically we condition on **X**
   $\mathbb{E}(\hat{\beta}|\mathbf{X}) = \beta, \text{Var}(\hat{\beta}|\mathbf{X}) = \sigma^2(\mathbf{X}^\intercal\mathbf{X})^{-1}$ Insights:
   Adjusted $R^2 = 1 - \frac{ErrSS/[n-(p+1)]}{TotSS/(n-1)} = 1 - \frac{n-1}{n-(p+1)}(1-R^2)$
   Formula for variance of $\hat{\beta}_j$

   In simple regression ($\vec{x}_j$ is the only variable): $\frac{\sigma^2_{\text{simple}}}{\sum_{i=1}^n (x_{ij} - \bar{x}_j)^2} = \frac{\sigma^2_{\text{simple}}}{\text{Var}(\hat{\beta}_j)}$

   In multiple regression ($\vec{1}, \vec{x}_1, \ldots, \vec{x}_p$): $\frac{1}{1-R_j^2} \cdot \frac{\sigma^2_{\text{multiple}}}{\sum_{i=1}^n (x_{ij} - \bar{x}_j)^2}$, where R_j^2 is from the regression of $\vec{x}_j$ on all other **X**-columns
   Collinearity $\rightarrow$ when $\vec{x}_j$ is highly related to other **X**-columns
   What should we do about this?
   Prediction $\rightarrow$ how much does including a collinear variable really help your predict **Y** better?
   vs Causal inference $\rightarrow$ knowing about collinearity is really important, but dropping variables is usually bad