

Project 1 FYS-STK4155 Autumn 2018

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1 Introduction

A common problem in inferential statistics is to investigate how one stochastic variable depends on another stochastic variable. That is, one wishes to find a model that given the outcome of one stochastic variable estimates the outcome of another stochastic variable. A widely used technique for developing such a model is a method called linear regression. In this project we aim to evaluate the performance of three different types of linear regression using a polynomial as our model. The methods are: ordinary least squares regression (abbreviated OLS), ridge regression and lasso regression.

First we evaluate our methods on a known function, that is we know the relationship between our variables. Then we apply the same methods to evaluate the performance of our methods on a real data set where we don't know the underlying relationship (if there is any at all).

2 Method

The general idea of linear regression is to assume that the relationship between your dependent and independent variables is given by some function (which is linear in its coefficients) and then try to estimate this function, also called a model, by minimizing some error term. As the scope of this text is to evaluate the goodness of this method in some special cases rather than explaining it in general, we are not going to indulge in the derivation of this method but rather assume that the reader is familiar with the basics of this concept. However we will need to establish some context and notation.

In our case we are given two independent variables, also called *predictors*, and one dependent variable, also called *response*. We denote by N the number of datapoints/observations in our sampled data and gather the observations of the predictors in two vectors $\mathbf{x}_1 \in \mathbb{R}^N$ and $\mathbf{x}_2 \in \mathbb{R}^N$, and the observations of the response in one vector $\mathbf{y} \in \mathbb{R}^N$.

Further we assume the true relationship between the predictors and response to be:

$$y = f(x_1, x_2) + \epsilon \quad (1)$$

where ϵ is a stochastic variable which is normally distributed around 0 and f is some function. We will try to model the function f by a polynomial p of degree

k given by

$$\begin{aligned}
p(x_1, x_2) = & \beta_0 + \\
& \beta_1 x_1 + \beta_2 x_2 + \\
& \beta_3 x_1^2 + \beta_4 x_1 x_2 + \beta_5 x_2^2 \\
& + \dots + \\
& \beta_{q-(k+1)} x_1^k + \beta_{q-k} x_1^{k-1} x_2 + \dots + \beta_{q-1} x_1 x_2^{k-1} + \beta_q x_2^k
\end{aligned} \tag{2}$$

Here q is the sum of the natural numbers from 1 to $k + 1$. We call p our *model*.

If we let $x_{i,j}$ be the j -th entry of \mathbf{x}_i our design matrix is then given by

$$X = \begin{bmatrix} 1 & x_{1,1} & x_{2,1} & x_{1,1}^2 & x_{1,1}x_{2,1} & x_{2,1} & \dots & x_{1,1}x_{2,1}^{k-1} & x_{2,1}^k \\ 1 & x_{1,2} & x_{2,2} & x_{1,2}^2 & x_{1,2}x_{2,2} & x_{2,2} & \dots & x_{1,2}x_{2,2}^{k-1} & x_{2,2}^k \\ \vdots & \vdots & & & & & & & \vdots \\ 1 & x_{1,n} & x_{2,n} & x_{1,n}^2 & x_{1,n}x_{2,n} & x_{2,n} & \dots & x_{1,n}x_{2,n}^{k-1} & x_{2,n}^k \end{bmatrix} \tag{3}$$

and from what we have established so far we get the equation

$$\mathbf{y} = X\boldsymbol{\beta} + \boldsymbol{\epsilon} \tag{4}$$

where $\boldsymbol{\epsilon}$ is a vector of errors. Solving this equation for $\boldsymbol{\epsilon}$, we get that $\boldsymbol{\epsilon} = \mathbf{y} - X\boldsymbol{\beta}$.

In the following we will discuss how to estimate $\boldsymbol{\beta}$ in order to obtain our model p . The general idea is the same for all three methods: we will try to get a good fit of our model to the sample data by minimizing the magnitude of the vector $\boldsymbol{\epsilon}$. In doing this we define a function $C := C(\boldsymbol{\beta})$ called the *cost function*, which we wish to minimize.

2.1 Ordinary least squares regression

In the case of OLS regression the cost function is defined by

$$C(\boldsymbol{\beta}) = \sum_{i=1}^N (y_i - (X\boldsymbol{\beta})_i)^2 \tag{5}$$

One great benefit of this method as opposed to for instance the later explained lasso method, is that the problem of minimizing C over all $\boldsymbol{\beta} \in \mathbb{R}^N$ has an analytical solution. One can with some elementary calculus show that the solution is given by (6) given that X is non-singular. For a thorough explanation of this identity consult [?]

$$\boldsymbol{\beta} = (X^T X)^{-1} X^T \mathbf{y} \tag{6}$$

2.2 Ridge regression

One major weakness of OLS regression is that noisy sample data can cause large coefficients, that is a model with large variance. One way to approach this problem is to impose a restriction to the magnitude of our coefficients $\boldsymbol{\beta}$. Ridge regression does this by adding the 2-norm of $\boldsymbol{\beta}$ to the cost function of OLS

regression, and in that way penalizing large betas. We call this term a *penalty*. The Ridge cost function is therefore given by

$$C(\boldsymbol{\beta}) = \sum_{i=1}^N (y_i - (X\boldsymbol{\beta})_i)^2 + \sum_{i=1}^N \beta_i^2 \quad (7)$$

As with the case of OLS, we are in a good position with respect to solving this minimization problem. By applying the method of Lagrange multipliers one can show that the solution for $\boldsymbol{\beta}$ is given by

$$\boldsymbol{\beta} = (X^T X + \lambda I)^{-1} X^T \mathbf{y} \quad (8)$$

where I is the identity matrix and λ is a positive real number. Choosing λ big then more emphasises restricting the magnitude of $\boldsymbol{\beta}$, while choosing a small λ more emphasises minimizing the magnitude of $\boldsymbol{\epsilon}$.

2.3 Lasso regression

Just as for ridge, the lasso method solves the problem of high variance by adding a penalty to the cost function. The difference is that lasso adds the 1-norm of $\boldsymbol{\beta}$ to C instead of the 2-norm. Thus we get

$$C(\boldsymbol{\beta}) = \sum_{i=1}^N (\mathbf{y}_i - \mathbf{y}'_i)^2 + \sum_{i=1}^N |\beta_i| \quad (9)$$

The advantage of this approach over ridge is that it tends to set coefficients that are irrelevant to zero instead of very small values. One might then end up with a smarter model with fewer predictors than one started out with. For a thorough explanation of this consult [?]. The draw back however is that we no longer have an analytical solution for $\boldsymbol{\beta}$ and have to resort to numerical methods to minimize C .

2.4 Measure of goodnessssssssss

2.4.1 Decomposition of MSE

The standard way of measruing how well

2.4.2 R2 score

2.4.3 Variance, and more parameters?

2.4.4 Resampling using bootstrapping

convergence to the real parameteres using bootstrap

3 Implementation

We implemented the process described in section 2 using python. The complete code can be found in [?]. The main part of the code are the classes OLSLinearModel, RidgeLinearModel and LassoLinearModel.

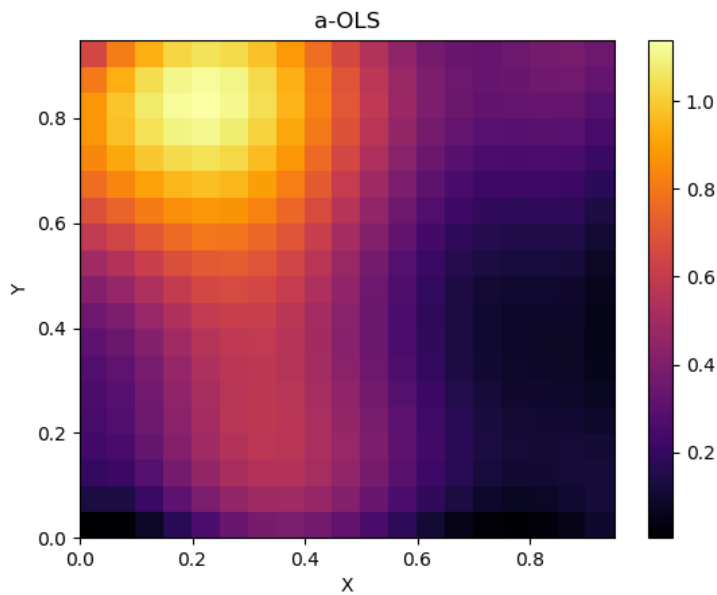
We found the choice of implementing our three different models as classes a rather intuitive and oversiktlig way of doing it. The advantage of this implementation is obviously that as we store most of the data in the model computing the same numbers over again and thus excessive computing is not a problem. The weakness might then be excessive memory usage. This was however not a problem in our application of the program.

Most of our code is in the GitHub repository. We have chosen to not use the code in our report. We have, however, made a python file, `project01.py`, that provides most of our code in sequence, so that it is possible to follow the code that produce our testresults and plots in order.

3.1 Ordinary least square on the Franke function

First we have generated some test data, with the noise being very little, which we have plotted to get a more intuitive feel for how it looks. We have done this for all the models.

Ordinary Least square of the Frankefunction(the same as Ridge with $\lambda = 0$):



As you can tell from our code, we haven't made an own function for ordinary least square, since it is the same as Ridge, just with the λ set to 0. This will also show later that when the λ gets low it is very similar to OLS.

Here is the values for calculating the five first degrees and their MSE and R2-score:

OLS Test Data We can tell that our model is fitting our test data better and better with a higher degree. Now we have to check with bootstrap as well to see if our model fits the data good.

Before the resampling we have also calculated the betas of $k = 5$:

k	MSE	R2
1	0.020836568820240136	0.7159598591230791
2	0.015631136506458913	0.7869193218104034
3	0.007175355204257789	0.9021869233537347
4	0.003960217232650187	0.9460150723293508
5	0.0018602479352178107	0.9746414541595732

Var of Beta, degree 5

```

[9.47238055e - 03  8.01217226e - 01  4.12183842e - 01  9.89887798e + 00
 8.39455751e + 00  4.14211294e + 00  2.71771303e + 01  3.28888083e + 01
 1.78285914e + 01  1.31093669e + 01  1.91368860e + 01  2.67004422e + 01
 1.91391193e + 01  9.34737951e + 00  1.13215581e + 01  2.55450522e + 00
 4.40599813e + 00  3.60735967e + 00  1.80107762e + 00  1.00979408e + 00
                                     1.50021893e + 00]

```

Also the 95-percentage confidence interval of the betas: 95-percentage CI of betas, degree 5

```

[[7.25873511e - 02  4.54098870e - 01]
 [7.23335269e + 00  1.07421092e + 01]
 [3.44378188e + 00  5.96043621e + 00]
 [-4.41211552e + 01  -3.17880887e + 01]
 [-2.42828028e + 01  -1.29254533e + 01]
 [-1.57022805e + 01  -7.72437196e + 00]
 [4.22571363e + 01  6.26923830e + 01]
 [4.18269196e + 01  6.43072224e + 01]
 [1.67482166e + 01  3.32996879e + 01]
 [-1.02120404e + 01  3.98078784e + 00]
 [-3.30453851e + 01  -1.58973753e + 01]
 [-7.33667324e + 01  -5.31114961e + 01]
 [-1.94596236e + 01  -2.31061330e + 00]
 [-3.98768180e + 01  -2.78922323e + 01]
 [1.90552365e + 01  3.22448231e + 01]
 [-2.43921072e + 00  3.82593943e + 00]
 [1.88142647e + 01  2.70423776e + 01]
 [8.68290825e + 00  1.61280472e + 01]
 [-7.84195698e + 00  -2.58124771e + 00]
 [1.66275865e + 01  2.05666637e + 01]
 [-1.80168037e + 01  -1.32155417e + 01]]

```

The code and commenting for the calculations is to be found in python-file project01.py

3.1.1 Resampling

Using our bootstrapping algorithm with a resampling of 100, degree of five, we get these values:

VAR: 0.000052

BIAS: 0.001933

Bootstrap mean of MSE: 0.0020

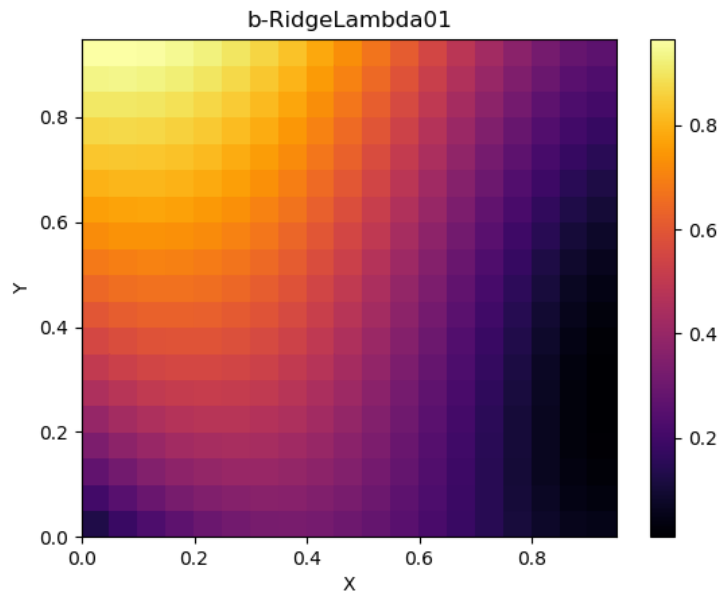
Bootstrap mean of r2Score: 0.9757

The bootsrap values aligns pretty well with our original ones.

3.2 Ridge regression

Ridge Regression with $\lambda = 0.1$

Graphic plot of how it looks:



Ridge Test Data

k	MSE	R2
1	0.025965982389446095	0.6906471643146342
2	0.018247163430545398	0.7826074259086047
3	0.010258352759015437	0.8777843076427536
4	0.009382588378732645	0.8882179662029949
5	0.009143926633340667	0.8910613282063765

Compared to OLS, we can tell that Ridge does significantly worse then OLS.

Var of Beta, degree 5

[0.00077004	0.01729839	0.01384995	0.06816008	0.06826285	0.05696662
0.0417508	0.02034709	0.06671475	0.03500783	0.02294549	0.01073849
0.03470761	0.01261125	0.02127092	0.03349824	0.01062464	0.03548007
			0.03422875	0.04204926	0.02520149]

Also the 95-percentage confidence interval of the betas: 95-percentage CI of betas, degree 5

```

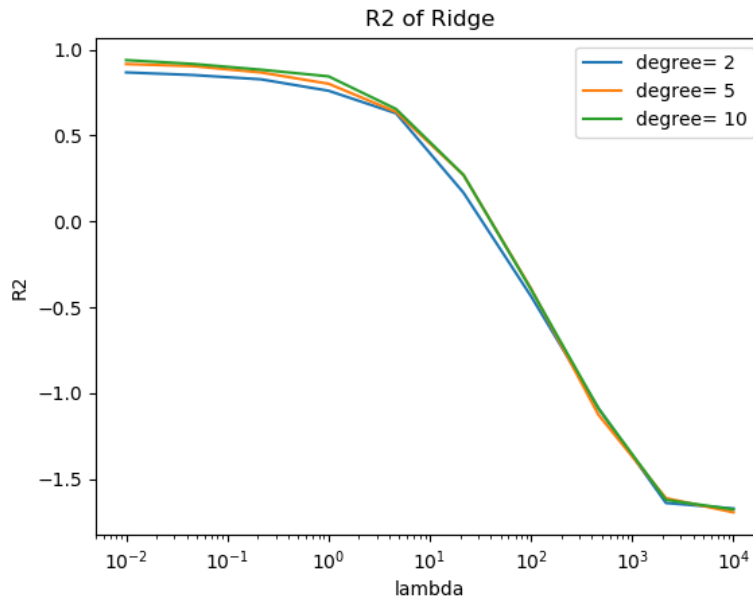
[[8.39518095e-01  9.45603016e-01]
 [6.00189901e-01  1.10406786e+00]
 [9.22637923e-01  1.52633094e+00]
 [-6.51421032e+00  -5.30387095e+00]
 [5.84279933e-01  1.67511842e+00]
 [-5.82384066e+00  -4.85326698e+00]
 [3.42317950e+00  4.16050815e+00]
 [1.31502300e+00  2.10193829e+00]
 [-2.00335018e+00  -1.07460992e+00]
 [1.38884378e+00  1.92131292e+00]
 [3.21253289e+00  3.98989176e+00]
 [5.79118852e-01  1.17557901e+00]
 [-3.41043372e-02  7.77207310e-01]
 [-8.02285903e-01  -2.23570539e-01]
 [3.31692208e+00  3.80174824e+00]
 [-3.69457810e+00  -2.99905374e+00]
 [-2.10226995e+00  -1.54360569e+00]
 [-5.64130918e-03  8.94344017e-01]
 [-1.07674065e+00  -1.87377295e-01]
 [3.14047856e-01  8.79022520e-01]
 [-1.87908328e+00  -1.35609332e+00]]

```

3.2.1 Resampling

We can take a look at how different lambdas and different degrees of the polynomial makes a change in the R2-score and the MSE.

Here is a plot to show how they develop as a function of lambda.



We can tell pretty easily that the degree of the predictions doesn't matter much compared to how much the choice of lambda do. We can still tell that a lower degree function does worse then the other functions.

Some interesting values from bootstrap:

Bootstrap-values from degree of 5, lmb = 0.1 and 100 bootstrap-samples
 VAR: 0.000067
 BIAS: 0.008640
 Bootstrap mean of MSE: 0.0087
 Bootstrap mean of r2Score: 0.8980

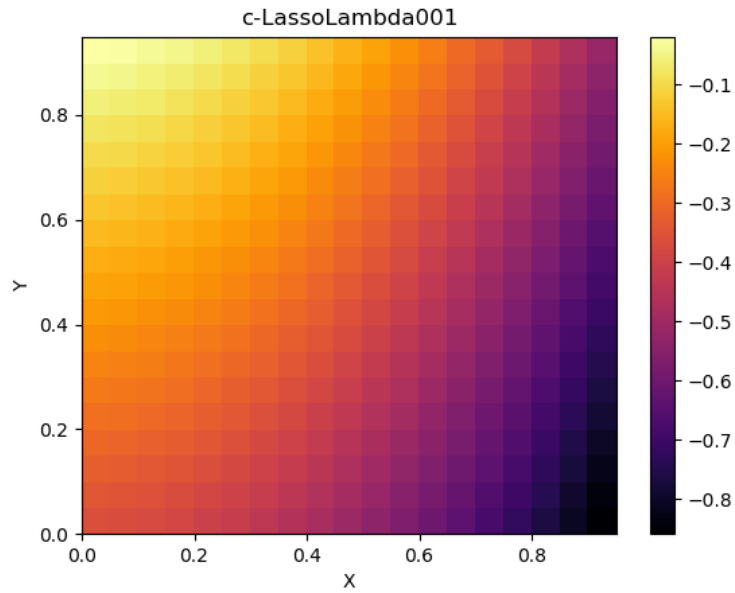
Bootstrap-values from degree of 5, lmb = 1 and 100 bootstrap-samples
 VAR: 0.000059
 BIAS: 0.011915
 Bootstrap mean of MSE: 0.0120
 Bootstrap mean of r2Score: 0.8597

Bootstrap-values from degree of 5, lmb = 10 and 100 bootstrap-samples
 VAR: 0.000066
 BIAS: 0.020274
 Bootstrap mean of MSE: 0.0203
 Bootstrap mean of r2Score: 0.7617

Bootstrap-values from degree of 2, lmb = 10 and 100 bootstrap-samples
 VAR: 0.000057
 BIAS: 0.022754
 Bootstrap mean of MSE: 0.0228
 Bootstrap mean of r2Score: 0.7327

3.3 Part c)

Lasso Regression with $\lambda = 0.01$



Ridge Test Data

k	MSE	R2
1	0.25272407945476655	-2.01089746779934852
2	0.25272407945476655	-2.0108974677993485
3	0.25272407945476655	-2.0108974677993485
4	0.25272407945476655	-2.0108974677993485
5	0.25272407945476655	-2.0108974677993485

Var of Beta

```
[0.  0.00025829  0.00394575  0.  0.  0.00324571
      0.  0.  0.  0.  0.  0.  0.
      0.  0.  0.  0.  0.  0.  0.
      0.]
```

95-percentage CI of betas

[illegible]

There is obviously something happening with Lasso that doesn't work. Our Lasso method works great with the real data.

3.3.1 Resampling

Bootstrap-values from degree of 1, lmb = 0.1 and 100 bootstrap-samples

VAR: 0.000000

BIAS: 0.239704

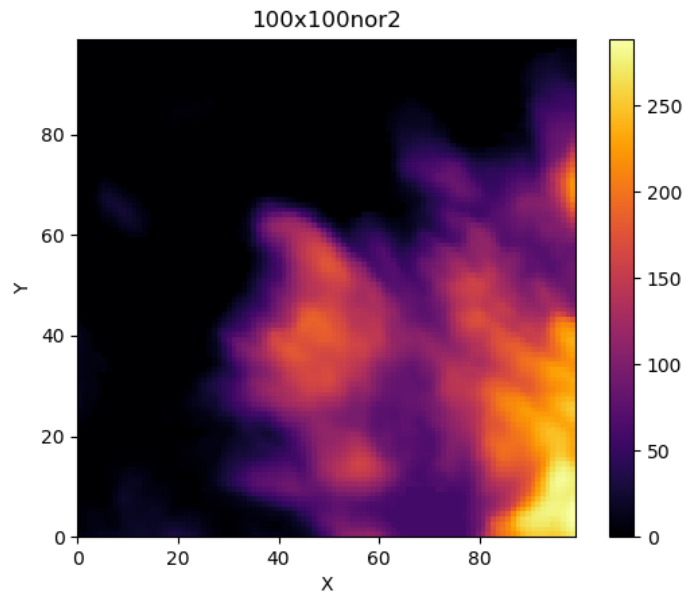
Bootstrap mean of MSE: 0.2397

Bootstrap mean of r2Score: -2.0278

This was the same for all degrees and values of lambda, so I only included this.

3.4 Part d)

Imports 100x100 chunk of real data from top left corner of dataset nr.1.
Plot of real data

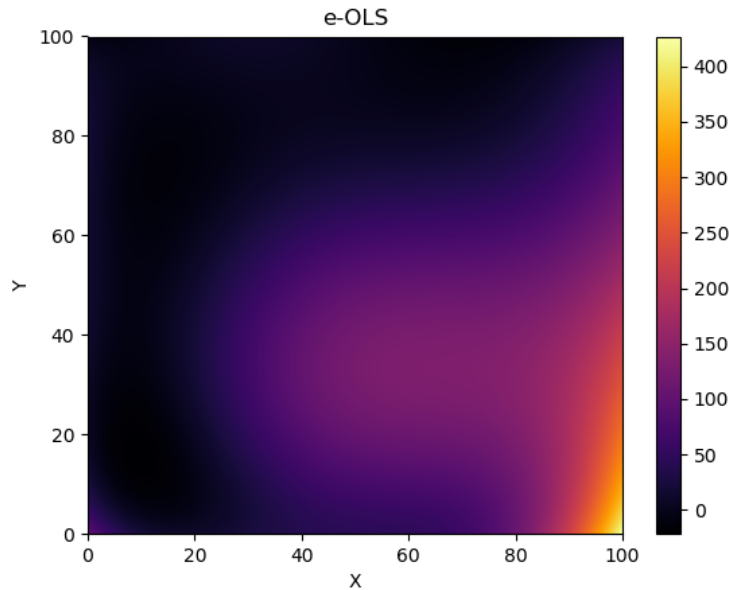


3.5 Real Data

Repeat of the previous method and data, but with real data.

3.6 OLS

Plot of the data with the OLS-method of degree 5:



OLS Score of the Real Data:

k	MSE	R2
1	1912.190996	0.587579
2	1177.397306	0.746059
3	1023.042624	0.779351
4	824.587589	0.822153
5	791.268452	0.829340

Var of Beta

$2.32350868e-17$	$3.59021583e-14$	$9.26320612e-14$	$6.67623760e-12$
$2.76179532e-12$	$2.44594128e-11$	$1.00899287e-09$	$2.82477031e-08$
$3.26102575e-08$	$4.03014136e-09$	$7.93068781e-13$	$8.29815731e-12$
$2.72417498e-12$	$8.99036913e-12$	$2.47909085e-12$	$4.07929803e-17$
$2.67723887e-16$	$5.18767547e-16$	$4.23509770e-16$	$1.84571052e-16$
			$9.42227510e-17]$

3.6.1 Resampling

Bootstrap-values from degree of 5 and 100 bootstrap-samples

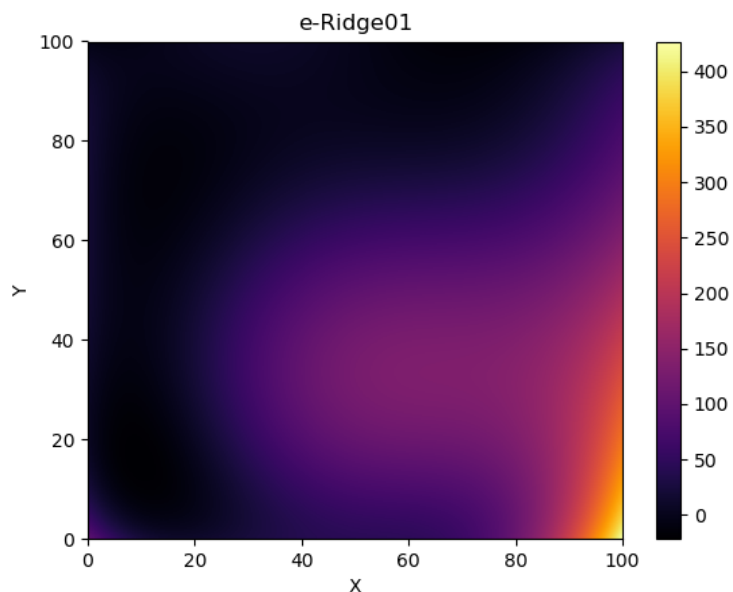
VAR: 1.287057

BIAS: 791.273865
 Bootstrap mean of MSE: 792.5609
 Bootstrap mean of r2Score: 0.8291

The MSE and R2-score are really close to our values for MSE and R2.

3.7 Ridge

Plot of the data with the Ridge-method of degree 5, lambda = 0.1:



Ridge Score of the Real Data with lambda = 0.1:

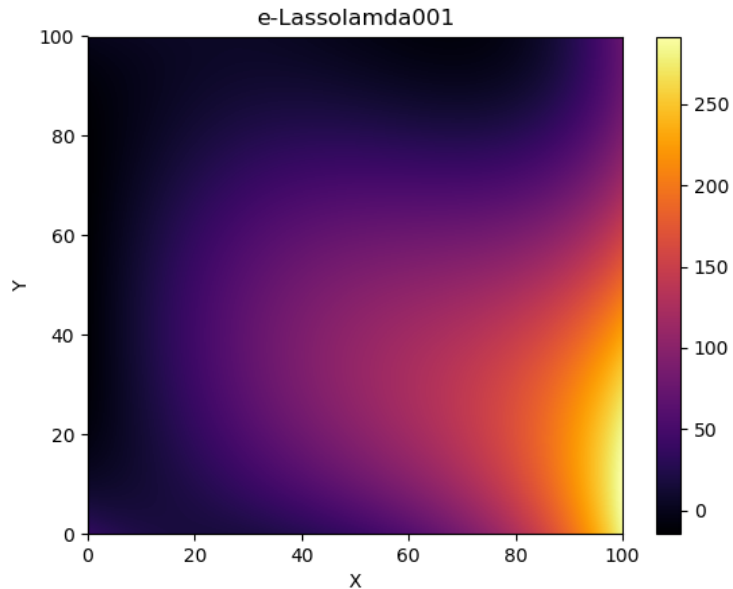
k	MSE	R2
1	1912.190999	0.587579
2	1177.397307	0.746059
3	1023.042624	0.779351
4	824.635824	0.822143
5	791.268452	0.829340

3.7.1 Resampling

Bootstrap-values from degree of 5, lmb = 10 and 100 bootstrap-samples
 VAR: 1.297002
 BIAS: 791.285081
 Bootstrap mean of MSE: 792.5821
 Bootstrap mean of r2Score: 0.8291
 Can tell that MSE and R2-score is pretty similar to our computations.

3.8 Lasso

Plot of the data with the Lasso-method of degree 5, $\lambda = 0.01$:



Lasso Score of the Real Data with $\lambda = 0.1$:

k	MSE	R2
1	6601.647721	-0.423841
2	1564.545187	0.662560
3	1189.660192	0.743415
4	1155.338990	0.750817
5	974.391256	0.789844

3.8.1 Resampling

Bootstrap-values from degree of 5, $\lambda = 10$ and 100 bootstrap-samples

VAR: 1.689048

BIAS: 1239.400793

Bootstrap mean of MSE: 1241.0898

Bootstrap mean of r2Score: 0.7323

Here the MSE and R2score is a pretty long way from our scores when we use all our data. So the model is probably a little overfitted and we should expect our R2 to actually be lower than it is.

4 Conclusion

Outlooks, further investigation, etc.