

# Data 605 - Computational Mathematics Final

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```
library(kableExtra)
library(pastecs)
library(psych)
library(e1071)
library(fBasics)
library(dplyr)
library(ggplot2)
library(pracma)
library(MASS)
library(survival)
library(tidyverse)
```

## Problem #1

Using R, generate a random variable X that has 10,000 random uniform numbers from 1 to N, where N can be any number of your choosing greater than or equal to 6. Then generate a random variable Y that has 10,000 random normal numbers with a mean of  $\mu = \sigma = (N + 1)/2$ .

```
set.seed(123)

N <- round(runif(1,6,100))

n <- 10000

X<-runif(n,min=0,max=N)

Y<-rnorm(n,(N+1)/2,(N+1)/2)

x <- median(X)
x
```

```
## [1] 16
```

```
y <- quantile(Y, 0.25)
y
```

```
## 25%
## 5.2
```

```
X_Y <- as.data.frame(cbind(X,Y))
```

*Probability* Calculate as a minimum the below probabilities a through c.

Assume the small letter “x” is estimated as the median of the X variable, and the small letter “y” is estimated as the 1st quartile of the Y variable.

Interpret the meaning of all probabilities.

**A.**

$$P(X > x | X > y)$$

We will use the dataframe we created above from the 2 vectors.

Using the formula:  $P(X > x | X > y) = P(X > x \text{ and } X > y) / P(X > y)$

Probability that X is greater than its median given that X is greater than the first quartile of Y

```
a_1 <- (length(X[X>x & X>y])/length(X)) / (length(X[X>y])/length(X))
print(a_1)
```

```
## [1] 0.59
```

Probability that X is greater than all possible x and Y is greater than all possible y

**B.**

$$P(X > x, Y > y)$$

```
X_gr_x <- length(X[X>x]) / length(X)
Y_gr_y <- length(Y[Y>y]) / length(Y)
b_1 <- X_gr_x * Y_gr_y
print(b_1)
```

```
## [1] 0.38
```

Probability of X greater than its median and greater than the first quartile of Y

**C.**

$$P(X < x | X > y)$$

```
X_ls_x_and_X_gr_y = length(X[X<x & X>y])/length(X)
X_gr_y <- length(X[X>y])/length(X)
c_1 <- X_ls_x_and_X_gr_y / X_gr_y
print(c_1)
```

```
## [1] 0.41
```

#### D.

Investigate whether  $P(X > x \text{ and } Y > y) = P(X > x)P(Y > y)$  by building a table and evaluating the marginal and joint probabilities.

```
count_Xgrx_Ygry <- length(X[X>x & Y>y])
count_Xgrx_Ylsy <- length(X[X>x & Y<y])

count_Xlsx_Ygry <- length(X[X<x & Y>y])
count_Xlsx_Ylsy <- length(X[X<x & Y<y])

contingency_table <- matrix(c(count_Xgrx_Ygry, count_Xgrx_Ylsy, count_Xlsx_Ygry, count_Xlsx_Ylsy), nrow = 2, ncol = 2,
rownames(contingency_table) <- c('(Y>y)', '(Y<y)')
colnames(contingency_table) <- c('(X>x)', '(X<x)')
kable(contingency_table, digits=4, col.names = c('(X>x)', '(X<x)'), align = 'l')
```

	(X>x)	(X<x)
(Y>y)	3699	3801
(Y<y)	1301	1199

Now we can calculate the left handside of the equation:

$P(X > x \text{ and } Y > y)$  using the data from the contingency table

```
X_gr_x_and_Y_gr_y <- length(X[X>x & Y>y]) / 10000
print(X_gr_x_and_Y_gr_y)
```

```
## [1] 0.37
```

```
X_gt_x_given_Y_gt_y <- X_gr_x * Y_gr_y
print(X_gt_x_given_Y_gt_y)
```

```
## [1] 0.38
```

Both of these values are fairly close to zero.

#### E.

Check to see if independence holds by using Fisher's Exact Test and the Chi Square Test.

What is the difference between the two? Which is most appropriate?

I will be using the contingency table from above.

Null Hypothesis  $H_0$

$H_0 : X > x \text{ \& } Y > y$  are independent events

Alternate Hypothesis  $H_A$

$H_A : \text{Both of these are dependent events}$

#### Fisher's Tect

```
fisher.test(contingency_table)
```

```
##
## Fisher's Exact Test for Count Data
##
## data:  contingency_table
## p-value = 0.02
## alternative hypothesis: true odds ratio is not equal to 1
## 95 percent confidence interval:
##  0.82 0.98
## sample estimates:
## odds ratio
##      0.9
```

The p-value is high compared to the significance level of 0.05, therefore we cannot reject the Null Hypothesis, that both are independent, in favor of the Alternate Hypothesis.

## Chi Square Test

```
chisq.test(contingency_table)
```

```
##
## Pearson's Chi-squared test with Yates' continuity correction
##
## data:  contingency_table
## X-squared = 5, df = 1, p-value = 0.02
```

The p-value is high as compared to the significance level of 0.05, therefore we can reject the Null Hypothesis, in favor that both of these are Dependent Events.

Since the results are so similar we would conclude that X and Y are indeed independent variables.

## Problem 2

You are to register for Kaggle.com (free) and compete in the House Prices: Advanced Regression Techniques competition. <https://www.kaggle.com/c/house-prices-advanced-regression-techniques> .

## Descriptive and Inferential Statistics

Provide univariate descriptive statistics and appropriate plots for the training data set. Provide a scatterplot matrix for at least two of the independent variables and the dependent variable. Derive a correlation matrix for any three quantitative variables in the dataset. Test the hypotheses that the correlations between each pairwise set of variables is 0 and provide an 80% confidence interval. Discuss the meaning of your analysis. Would you be worried about familywise error? Why or why not?

```
train_raw <- read_csv(file = "https://raw.githubusercontent.com/josephsimone/Data-605/master/train.csv")

## Parsed with column specification:
## cols(
##   .default = col_character(),
```

```
## Id = col_integer(),
## MSSubClass = col_integer(),
## LotFrontage = col_integer(),
## LotArea = col_integer(),
## OverallQual = col_integer(),
## OverallCond = col_integer(),
## YearBuilt = col_integer(),
## YearRemodAdd = col_integer(),
## MasVnrArea = col_integer(),
## BsmtFinSF1 = col_integer(),
## BsmtFinSF2 = col_integer(),
## BsmtUnfSF = col_integer(),
## TotalBsmtSF = col_integer(),
## `1stFlrSF` = col_integer(),
## `2ndFlrSF` = col_integer(),
## LowQualFinSF = col_integer(),
## GrLivArea = col_integer(),
## BsmtFullBath = col_integer(),
## BsmtHalfBath = col_integer(),
## FullBath = col_integer()
## # ... with 18 more columns
## )

## See spec(...) for full column specifications.
```

```
train_df <- as.data.frame(train_raw)
head(train_df, 5)
```

```
## Id MSSubClass MSZoning LotFrontage LotArea Street Alley LotShape
## 1 1 60 RL 65 8450 Pave <NA> Reg
## 2 2 20 RL 80 9600 Pave <NA> Reg
## 3 3 60 RL 68 11250 Pave <NA> IR1
## 4 4 70 RL 60 9550 Pave <NA> IR1
## 5 5 60 RL 84 14260 Pave <NA> IR1
## LandContour Utilities LotConfig LandSlope Neighborhood Condition1
## 1 Lvl1 AllPub Inside Gtl1 CollgCr Norm
## 2 Lvl1 AllPub FR2 Gtl1 Veenker Feedr
## 3 Lvl1 AllPub Inside Gtl1 CollgCr Norm
## 4 Lvl1 AllPub Corner Gtl1 Crawfor Norm
## 5 Lvl1 AllPub FR2 Gtl1 NoRidge Norm
## Condition2 BldgType HouseStyle OverallQual OverallCond YearBuilt
## 1 Norm 1Fam 2Story 7 5 2003
## 2 Norm 1Fam 1Story 6 8 1976
## 3 Norm 1Fam 2Story 7 5 2001
## 4 Norm 1Fam 2Story 7 5 1915
## 5 Norm 1Fam 2Story 8 5 2000
## YearRemodAdd RoofStyle RoofMatl Exterior1st Exterior2nd MasVnrType
## 1 2003 Gable CompShg VinylSd VinylSd BrkFace
## 2 1976 Gable CompShg MetalSd MetalSd None
## 3 2002 Gable CompShg VinylSd VinylSd BrkFace
## 4 1970 Gable CompShg Wd Sdng Wd Shng None
## 5 2000 Gable CompShg VinylSd VinylSd BrkFace
## MasVnrArea ExterQual ExterCond Foundation BsmtQual BsmtCond BsmtExposure
```

## 1	196	Gd	TA	PConc	Gd	TA	No
## 2	0	TA	TA	CBlock	Gd	TA	Gd
## 3	162	Gd	TA	PConc	Gd	TA	Mn
## 4	0	TA	TA	BrkTil	TA	Gd	No
## 5	350	Gd	TA	PConc	Gd	TA	Av
##	BsmtFinType1	BsmtFinSF1	BsmtFinType2	BsmtFinSF2	BsmtUnfSF	TotalBsmtSF	
## 1	GLQ	706	Unf	0	150	856	
## 2	ALQ	978	Unf	0	284	1262	
## 3	GLQ	486	Unf	0	434	920	
## 4	ALQ	216	Unf	0	540	756	
## 5	GLQ	655	Unf	0	490	1145	
##	Heating	HeatingQC	CentralAir	Electrical	1stFlrSF	2ndFlrSF	LowQualFinSF
## 1	GasA	Ex	Y	SBrkr	856	854	0
## 2	GasA	Ex	Y	SBrkr	1262	0	0
## 3	GasA	Ex	Y	SBrkr	920	866	0
## 4	GasA	Gd	Y	SBrkr	961	756	0
## 5	GasA	Ex	Y	SBrkr	1145	1053	0
##	GrLivArea	BsmtFullBath	BsmtHalfBath	FullBath	HalfBath	BedroomAbvGr	
## 1	1710	1	0	2	1	3	
## 2	1262	0	1	2	0	3	
## 3	1786	1	0	2	1	3	
## 4	1717	1	0	1	0	3	
## 5	2198	1	0	2	1	4	
##	KitchenAbvGr	KitchenQual	TotRmsAbvGrd	Functional	Fireplaces	FireplaceQu	
## 1	1	Gd	8	Typ	0	<NA>	
## 2	1	TA	6	Typ	1	TA	
## 3	1	Gd	6	Typ	1	TA	
## 4	1	Gd	7	Typ	1	Gd	
## 5	1	Gd	9	Typ	1	TA	
##	GarageType	GarageYrBlt	GarageFinish	GarageCars	GarageArea	GarageQual	
## 1	Attchd	2003	RFn	2	548	TA	
## 2	Attchd	1976	RFn	2	460	TA	
## 3	Attchd	2001	RFn	2	608	TA	
## 4	Detchd	1998	Unf	3	642	TA	
## 5	Attchd	2000	RFn	3	836	TA	
##	GarageCond	PavedDrive	WoodDeckSF	OpenPorchSF	EnclosedPorch	3SsnPorch	
## 1	TA	Y	0	61	0	0	
## 2	TA	Y	298	0	0	0	
## 3	TA	Y	0	42	0	0	
## 4	TA	Y	0	35	272	0	
## 5	TA	Y	192	84	0	0	
##	ScreenPorch	PoolArea	PoolQC	Fence	MiscFeature	MiscVal	MoSold YrSold
## 1	0	0	<NA>	<NA>	<NA>	0	2 2008
## 2	0	0	<NA>	<NA>	<NA>	0	5 2007
## 3	0	0	<NA>	<NA>	<NA>	0	9 2008
## 4	0	0	<NA>	<NA>	<NA>	0	2 2006
## 5	0	0	<NA>	<NA>	<NA>	0	12 2008
##	SaleType	SaleCondition	SalePrice				
## 1	WD	Normal	208500				
## 2	WD	Normal	181500				
## 3	WD	Normal	223500				
## 4	WD	Abnorml	140000				
## 5	WD	Normal	250000				

```
summary(train_df)
```

```
##           Id           MSSubClass      MSZoning           LotFrontage
##  Min.      :   1      Min.      : 20      Length:1460      Min.      : 21
## 1st Qu.: 366      1st Qu.: 20      Class :character      1st Qu.: 59
## Median : 730      Median : 50      Mode  :character      Median : 69
## Mean   : 730      Mean   : 57                        Mean   : 70
## 3rd Qu.:1095      3rd Qu.: 70                        3rd Qu.: 80
## Max.    :1460      Max.    :190                        Max.    :313
##                                     NA's    :259
##           LotArea           Street           Alley           LotShape
##  Min.      : 1300      Length:1460      Length:1460      Length:1460
## 1st Qu.: 7554      Class :character      Class :character      Class :character
## Median : 9478      Mode  :character      Mode  :character      Mode  :character
## Mean   : 10517
## 3rd Qu.: 11602
## Max.    :215245
##
## LandContour           Utilities           LotConfig
## Length:1460           Length:1460           Length:1460
## Class :character      Class :character      Class :character
## Mode  :character      Mode  :character      Mode  :character
##
##
##
## LandSlope           Neighborhood           Condition1
## Length:1460           Length:1460           Length:1460
## Class :character      Class :character      Class :character
## Mode  :character      Mode  :character      Mode  :character
##
##
##
## Condition2           BldgType           HouseStyle           OverallQual
## Length:1460           Length:1460           Length:1460      Min.      : 1.0
## Class :character      Class :character      Class :character      1st Qu.: 5.0
## Mode  :character      Mode  :character      Mode  :character      Median : 6.0
##                                     Mean   : 6.1
##                                     3rd Qu.: 7.0
##                                     Max.    :10.0
##
## OverallCond           YearBuilt           YearRemodAdd           RoofStyle
## Min.      :1.0      Min.      :1872      Min.      :1950      Length:1460
## 1st Qu.:5.0      1st Qu.:1954      1st Qu.:1967      Class :character
## Median :5.0      Median :1973      Median :1994      Mode  :character
## Mean   :5.6      Mean   :1971      Mean   :1985
## 3rd Qu.:6.0      3rd Qu.:2000      3rd Qu.:2004
## Max.    :9.0      Max.    :2010      Max.    :2010
##
## RoofMat1           Exterior1st           Exterior2nd
## Length:1460           Length:1460           Length:1460
## Class :character      Class :character      Class :character
```

```

## Mode :character Mode :character Mode :character
##
##
##
##
## MasVnrType MasVnrArea ExterQual ExterCond
## Length:1460 Min. : 0 Length:1460 Length:1460
## Class :character 1st Qu.: 0 Class :character Class :character
## Mode :character Median : 0 Mode :character Mode :character
## Mean : 104
## 3rd Qu.: 166
## Max. :1600
## NA's :8
## Foundation BsmtQual BsmtCond
## Length:1460 Length:1460 Length:1460
## Class :character Class :character Class :character
## Mode :character Mode :character Mode :character
##
##
##
##
## BsmtExposure BsmtFinType1 BsmtFinSF1 BsmtFinType2
## Length:1460 Length:1460 Min. : 0 Length:1460
## Class :character Class :character 1st Qu.: 0 Class :character
## Mode :character Mode :character Median : 384 Mode :character
## Mean : 444
## 3rd Qu.: 712
## Max. :5644
##
## BsmtFinSF2 BsmtUnfSF TotalBsmtSF Heating
## Min. : 0 Min. : 0 Min. : 0 Length:1460
## 1st Qu.: 0 1st Qu.: 223 1st Qu.: 796 Class :character
## Median : 0 Median : 478 Median : 992 Mode :character
## Mean : 47 Mean : 567 Mean :1057
## 3rd Qu.: 0 3rd Qu.: 808 3rd Qu.:1298
## Max. :1474 Max. :2336 Max. :6110
##
## HeatingQC CentralAir Electrical 1stFlrSF
## Length:1460 Length:1460 Length:1460 Min. : 334
## Class :character Class :character Class :character 1st Qu.: 882
## Mode :character Mode :character Mode :character Median :1087
## Mean :1163
## 3rd Qu.:1391
## Max. :4692
##
## 2ndFlrSF LowQualFinSF GrLivArea BsmtFullBath BsmtHalfBath
## Min. : 0 Min. : 0 Min. : 334 Min. :0.00 Min. :0.00
## 1st Qu.: 0 1st Qu.: 0 1st Qu.:1130 1st Qu.:0.00 1st Qu.:0.00
## Median : 0 Median : 0 Median :1464 Median :0.00 Median :0.00
## Mean : 347 Mean : 6 Mean :1515 Mean :0.43 Mean :0.06
## 3rd Qu.: 728 3rd Qu.: 0 3rd Qu.:1777 3rd Qu.:1.00 3rd Qu.:0.00
## Max. :2065 Max. :572 Max. :5642 Max. :3.00 Max. :2.00
##
## FullBath HalfBath BedroomAbvGr KitchenAbvGr

```



```

## Min. :0.00 Min. :0.00 Min. :0.0 Min. :0.00
## 1st Qu.:1.00 1st Qu.:0.00 1st Qu.:2.0 1st Qu.:1.00
## Median :2.00 Median :0.00 Median :3.0 Median :1.00
## Mean :1.57 Mean :0.38 Mean :2.9 Mean :1.05
## 3rd Qu.:2.00 3rd Qu.:1.00 3rd Qu.:3.0 3rd Qu.:1.00
## Max. :3.00 Max. :2.00 Max. :8.0 Max. :3.00
##
## KitchenQual TotRmsAbvGrd Functional Fireplaces
## Length:1460 Min. : 2.0 Length:1460 Min. :0.00
## Class :character 1st Qu.: 5.0 Class :character 1st Qu.:0.00
## Mode :character Median : 6.0 Mode :character Median :1.00
## Mean : 6.5 Mean :0.61
## 3rd Qu.: 7.0 3rd Qu.:1.00
## Max. :14.0 Max. :3.00
##
## FireplaceQu GarageType GarageYrBlt GarageFinish
## Length:1460 Length:1460 Min. :1900 Length:1460
## Class :character Class :character 1st Qu.:1961 Class :character
## Mode :character Mode :character Median :1980 Mode :character
## Mean :1979
## 3rd Qu.:2002
## Max. :2010
## NA's :81
## GarageCars GarageArea GarageQual GarageCond
## Min. :0.0 Min. : 0 Length:1460 Length:1460
## 1st Qu.:1.0 1st Qu.: 334 Class :character Class :character
## Median :2.0 Median : 480 Mode :character Mode :character
## Mean :1.8 Mean : 473
## 3rd Qu.:2.0 3rd Qu.: 576
## Max. :4.0 Max. :1418
##
## PavedDrive WoodDeckSF OpenPorchSF EnclosedPorch
## Length:1460 Min. : 0 Min. : 0 Min. : 0
## Class :character 1st Qu.: 0 1st Qu.: 0 1st Qu.: 0
## Mode :character Median : 0 Median : 25 Median : 0
## Mean : 94 Mean : 47 Mean : 22
## 3rd Qu.:168 3rd Qu.: 68 3rd Qu.: 0
## Max. :857 Max. :547 Max. :552
##
## 3SsnPorch ScreenPorch PoolArea PoolQC
## Min. : 0 Min. : 0 Min. : 0 Length:1460
## 1st Qu.: 0 1st Qu.: 0 1st Qu.: 0 Class :character
## Median : 0 Median : 0 Median : 0 Mode :character
## Mean : 3 Mean : 15 Mean : 3
## 3rd Qu.: 0 3rd Qu.: 0 3rd Qu.: 0
## Max. :508 Max. :480 Max. :738
##
## Fence MiscFeature MiscVal MoSold
## Length:1460 Length:1460 Min. : 0 Min. : 1.0
## Class :character Class :character 1st Qu.: 0 1st Qu.: 5.0
## Mode :character Mode :character Median : 0 Median : 6.0
## Mean : 43 Mean : 6.3
## 3rd Qu.: 0 3rd Qu.: 8.0
## Max. :15500 Max. :12.0

```

```
##
##      YrSold      SaleType      SaleCondition      SalePrice
## Min.      :2006   Length:1460   Length:1460   Min.      : 34900
## 1st Qu.:2007   Class :character Class :character 1st Qu.:129975
## Median :2008   Mode  :character Mode  :character Median :163000
## Mean    :2008                                     Mean    :180921
## 3rd Qu.:2009                                     3rd Qu.:214000
## Max.    :2010                                     Max.    :755000
##
```

### Table For Numerical Column Values

```
traindf_numeric <- train_df[c(2,4,5, 18:21, 27,35, 37:39, 44:53, 55, 57, 60, 62, 63, 67, 72, 76:78, 81)]

traindf_univariate_df <- basicStats(traindf_numeric)[c("Minimum", "Maximum", "1. Quartile", "3. Quartile",
  "Variance", "Stdev", "Skewness", "Kurtosis"), ] %>% t() %>% as.data.frame()

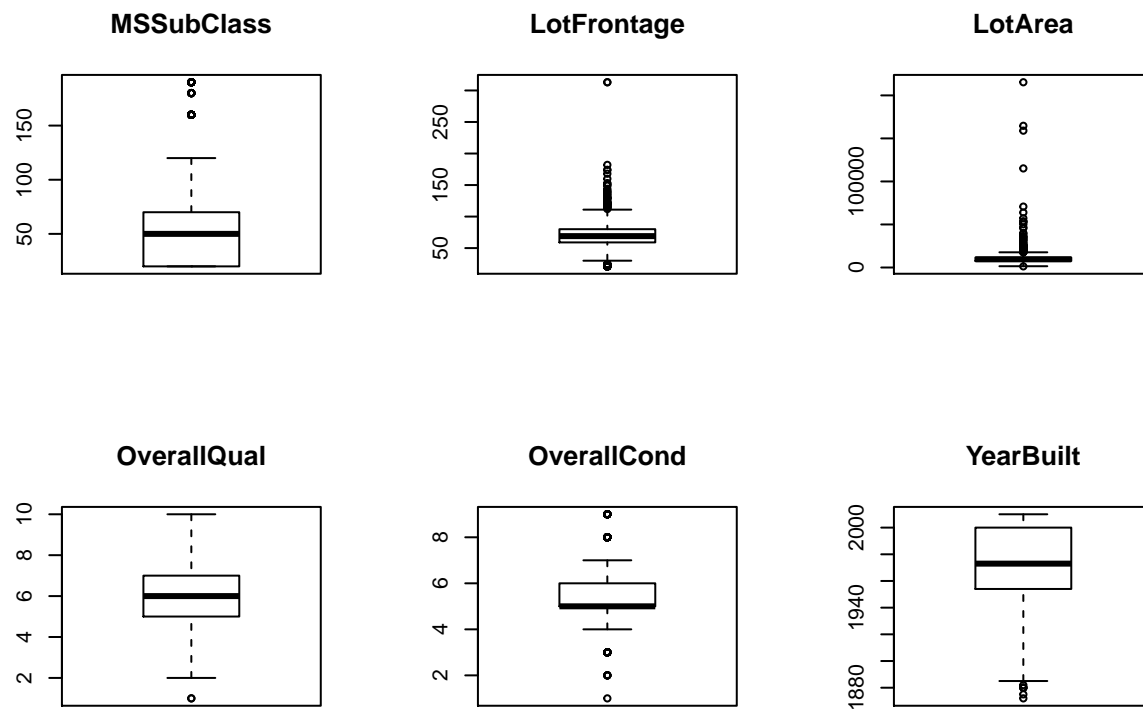
kable(traindf_univariate_df)
```

	Minimum	Maximum	1. Quartile	3. Quartile	Mean	Median	Variance	Stdev	Skewne
MSSubClass	20	190	20	70	5.7e+01	50	1.8e+03	4.2e+01	1.
LotFrontage	21	313	59	80	7.0e+01	69	5.9e+02	2.4e+01	2.
LotArea	1300	215245	7554	11602	1.1e+04	9478	1.0e+08	1.0e+04	12.
OverallQual	1	10	5	7	6.1e+00	6	1.9e+00	1.4e+00	0.
OverallCond	1	9	5	6	5.6e+00	5	1.2e+00	1.1e+00	0.
YearBuilt	1872	2010	1954	2000	2.0e+03	1973	9.1e+02	3.0e+01	-0.
YearRemodAdd	1950	2010	1967	2004	2.0e+03	1994	4.3e+02	2.1e+01	-0.
MasVnrArea	0	1600	0	166	1.0e+02	0	3.3e+04	1.8e+02	2.
BsmtFinSF1	0	5644	0	712	4.4e+02	384	2.1e+05	4.6e+02	1.
BsmtFinSF2	0	1474	0	0	4.7e+01	0	2.6e+04	1.6e+02	4.
BsmtUnfSF	0	2336	223	808	5.7e+02	478	2.0e+05	4.4e+02	0.
TotalBsmtSF	0	6110	796	1298	1.1e+03	992	1.9e+05	4.4e+02	1.
X1stFlrSF	334	4692	882	1391	1.2e+03	1087	1.5e+05	3.9e+02	1.
X2ndFlrSF	0	2065	0	728	3.5e+02	0	1.9e+05	4.4e+02	0.
LowQualFinSF	0	572	0	0	5.8e+00	0	2.4e+03	4.9e+01	8.
GrLivArea	334	5642	1130	1777	1.5e+03	1464	2.8e+05	5.3e+02	1.
BsmtFullBath	0	3	0	1	4.3e-01	0	2.7e-01	5.2e-01	0.
BsmtHalfBath	0	2	0	0	6.0e-02	0	6.0e-02	2.4e-01	4.
FullBath	0	3	1	2	1.6e+00	2	3.0e-01	5.5e-01	0.
HalfBath	0	2	0	1	3.8e-01	0	2.5e-01	5.0e-01	0.
BedroomAbvGr	0	8	2	3	2.9e+00	3	6.7e-01	8.2e-01	0.
KitchenAbvGr	0	3	1	1	1.0e+00	1	5.0e-02	2.2e-01	4.
TotRmsAbvGrd	2	14	5	7	6.5e+00	6	2.6e+00	1.6e+00	0.
Fireplaces	0	3	0	1	6.1e-01	1	4.2e-01	6.4e-01	0.
GarageYrBlt	1900	2010	1961	2002	2.0e+03	1980	6.1e+02	2.5e+01	-0.
GarageCars	0	4	1	2	1.8e+00	2	5.6e-01	7.5e-01	-0.
GarageArea	0	1418	334	576	4.7e+02	480	4.6e+04	2.1e+02	0.
WoodDeckSF	0	857	0	168	9.4e+01	0	1.6e+04	1.3e+02	1.
PoolArea	0	738	0	0	2.8e+00	0	1.6e+03	4.0e+01	14.
MiscVal	0	15500	0	0	4.3e+01	0	2.5e+05	5.0e+02	24.
MoSold	1	12	5	8	6.3e+00	6	7.3e+00	2.7e+00	0.
YrSold	2006	2010	2007	2009	2.0e+03	2008	1.8e+00	1.3e+00	0.
SalePrice	34900	755000	129975	214000	1.8e+05	163000	6.3e+09	7.9e+04	1.

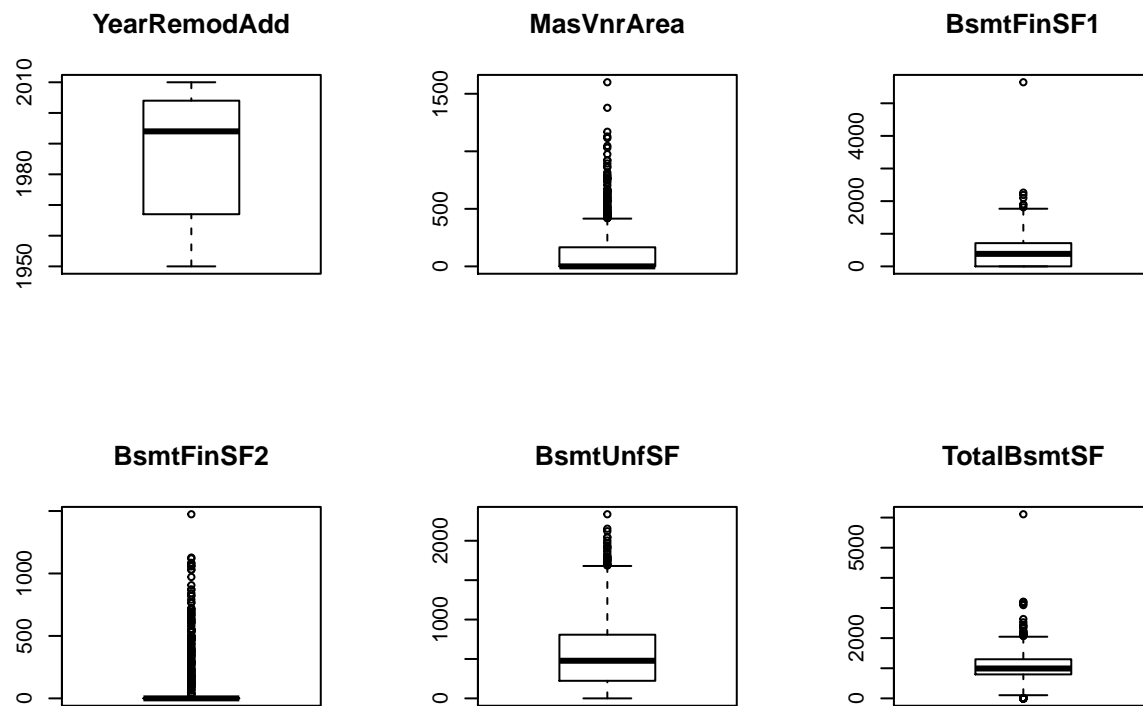
```

par(mfrow=c(2,3))
boxplot(train_df$MSSubClass, main='MSSubClass')
boxplot(train_df$LotFrontage, main='LotFrontage')
boxplot(train_df$LotArea, main='LotArea')
boxplot(train_df$OverallQual, main='OverallQual')
boxplot(train_df$OverallCond, main='OverallCond')
boxplot(train_df$YearBuilt, main='YearBuilt')

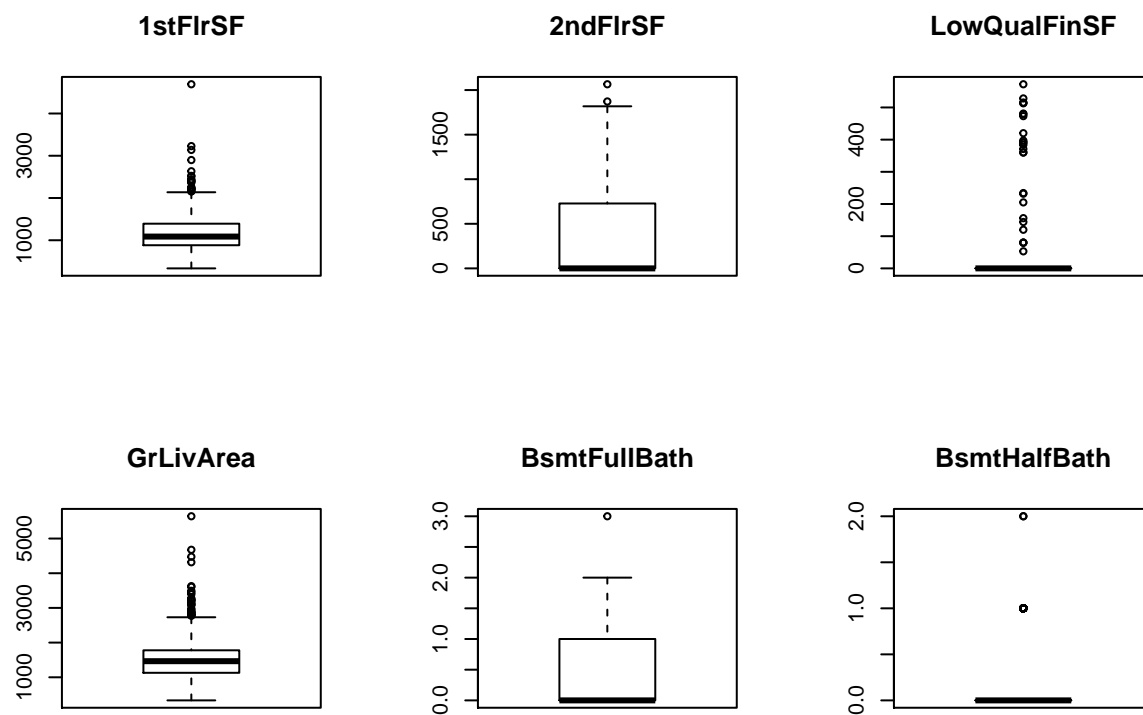
```



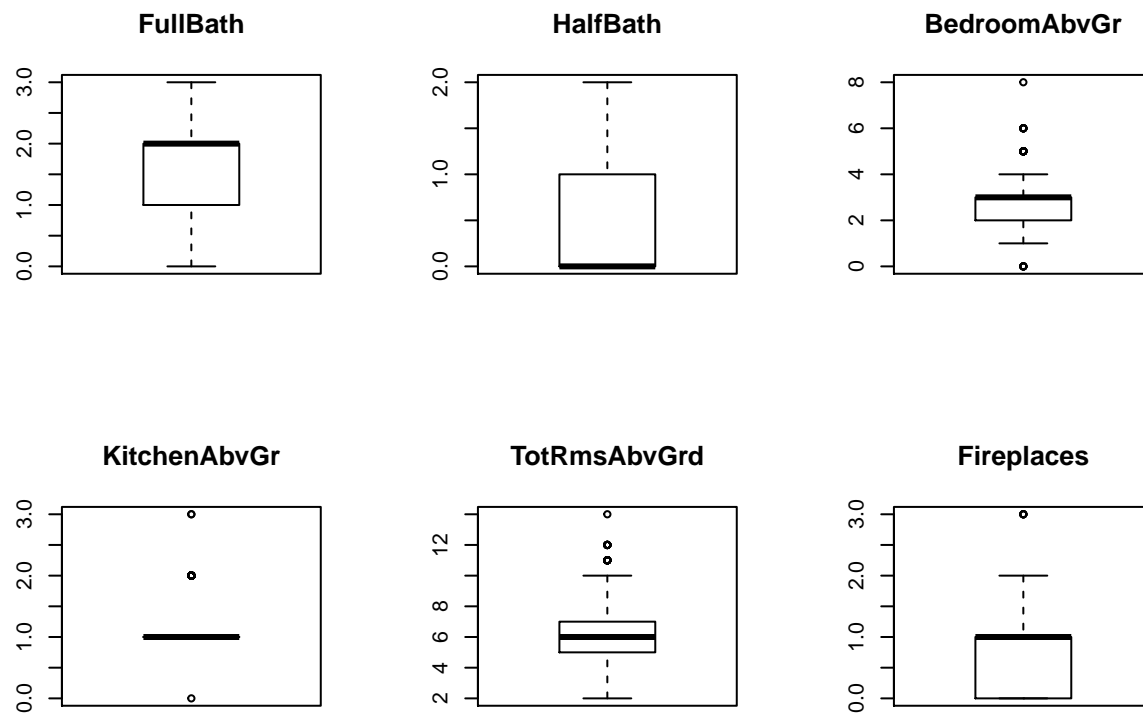
```
par(mfrow=c(2,3))
boxplot(train_df$YearRemodAdd, main='YearRemodAdd')
boxplot(train_df$MasVnrArea, main='MasVnrArea')
boxplot(train_df$BsmtFinSF1, main='BsmtFinSF1')
boxplot(train_df$BsmtFinSF2, main='BsmtFinSF2')
boxplot(train_df$BsmtUnfSF, main='BsmtUnfSF')
boxplot(train_df$TotalBsmtSF, main='TotalBsmtSF')
```



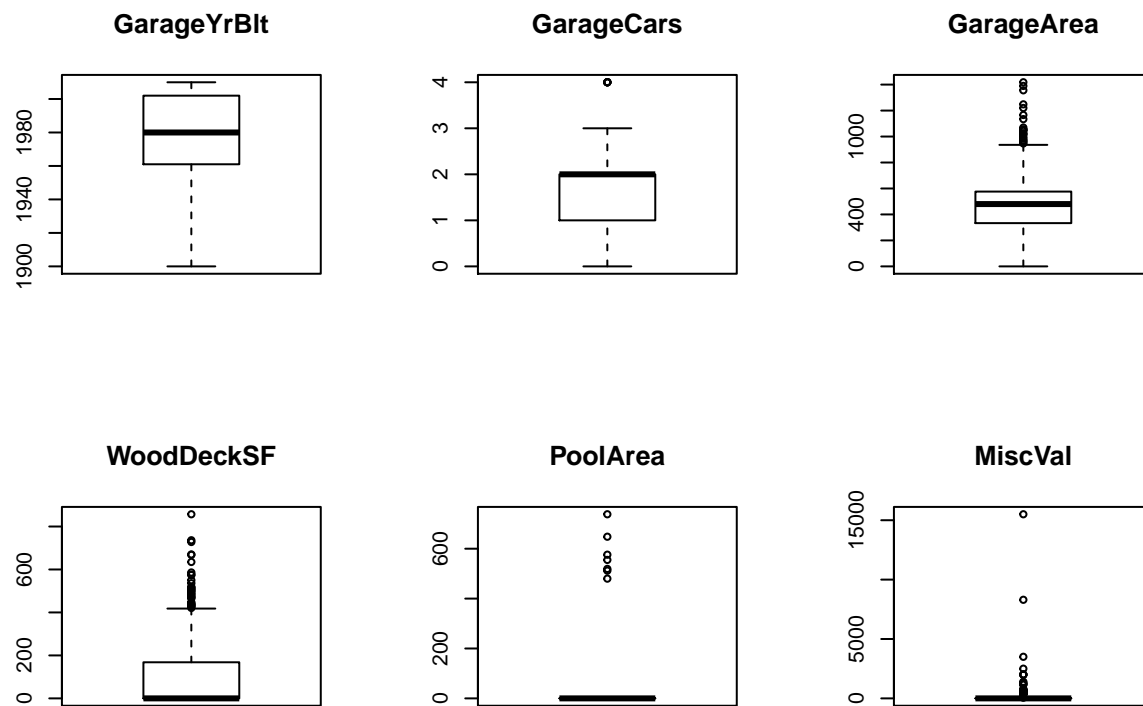
```
par(mfrow=c(2,3))
boxplot(train_df$'1stFlrSF', main='1stFlrSF')
boxplot(train_df$'2ndFlrSF', main='2ndFlrSF')
boxplot(train_df$LowQualFinSF, main='LowQualFinSF')
boxplot(train_df$GrLivArea, main='GrLivArea')
boxplot(train_df$BsmtFullBath, main='BsmtFullBath')
boxplot(train_df$BsmtHalfBath, main='BsmtHalfBath')
```



```
par(mfrow=c(2,3))
boxplot(train_df$FullBath, main='FullBath')
boxplot(train_df$HalfBath, main='HalfBath')
boxplot(train_df$BedroomAbvGr, main='BedroomAbvGr')
boxplot(train_df$KitchenAbvGr, main='KitchenAbvGr')
boxplot(train_df$TotRmsAbvGrd, main='TotRmsAbvGrd')
boxplot(train_df$Fireplaces, main='Fireplaces')
```

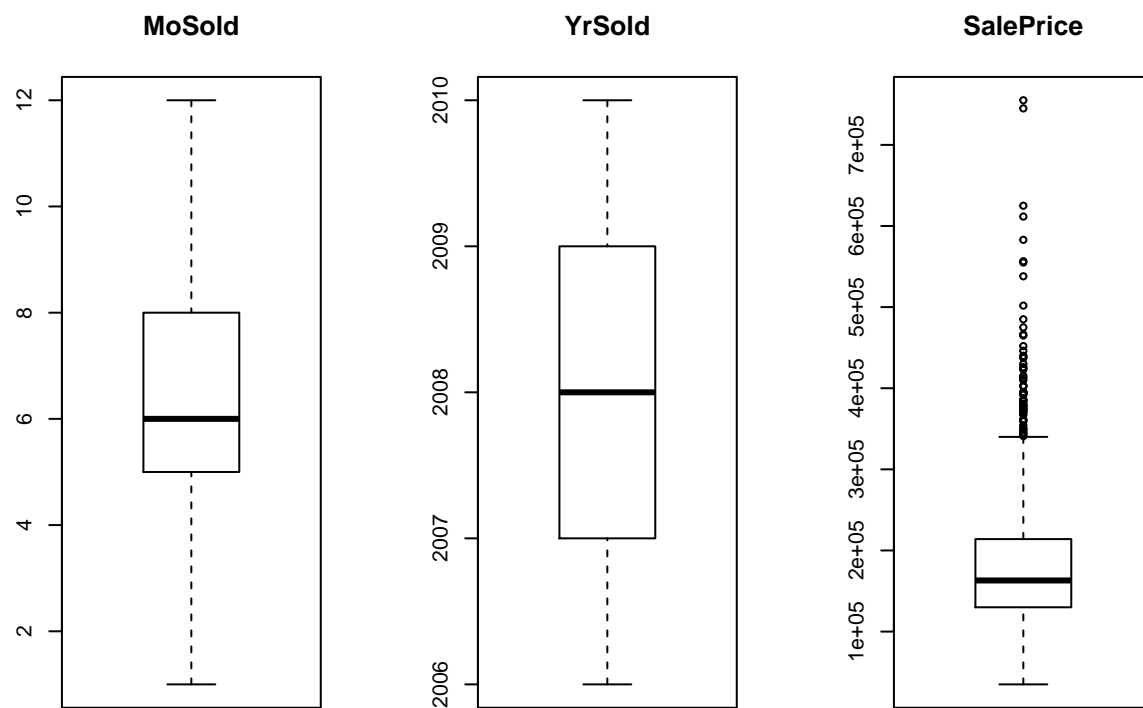


```
par(mfrow=c(2,3))
boxplot(train_df$GarageYrBlt, main='GarageYrBlt')
boxplot(train_df$GarageCars, main='GarageCars')
boxplot(train_df$GarageArea, main='GarageArea')
boxplot(train_df$WoodDeckSF, main='WoodDeckSF')
boxplot(train_df$PoolArea, main='PoolArea')
boxplot(train_df$MiscVal, main='MiscVal')
```



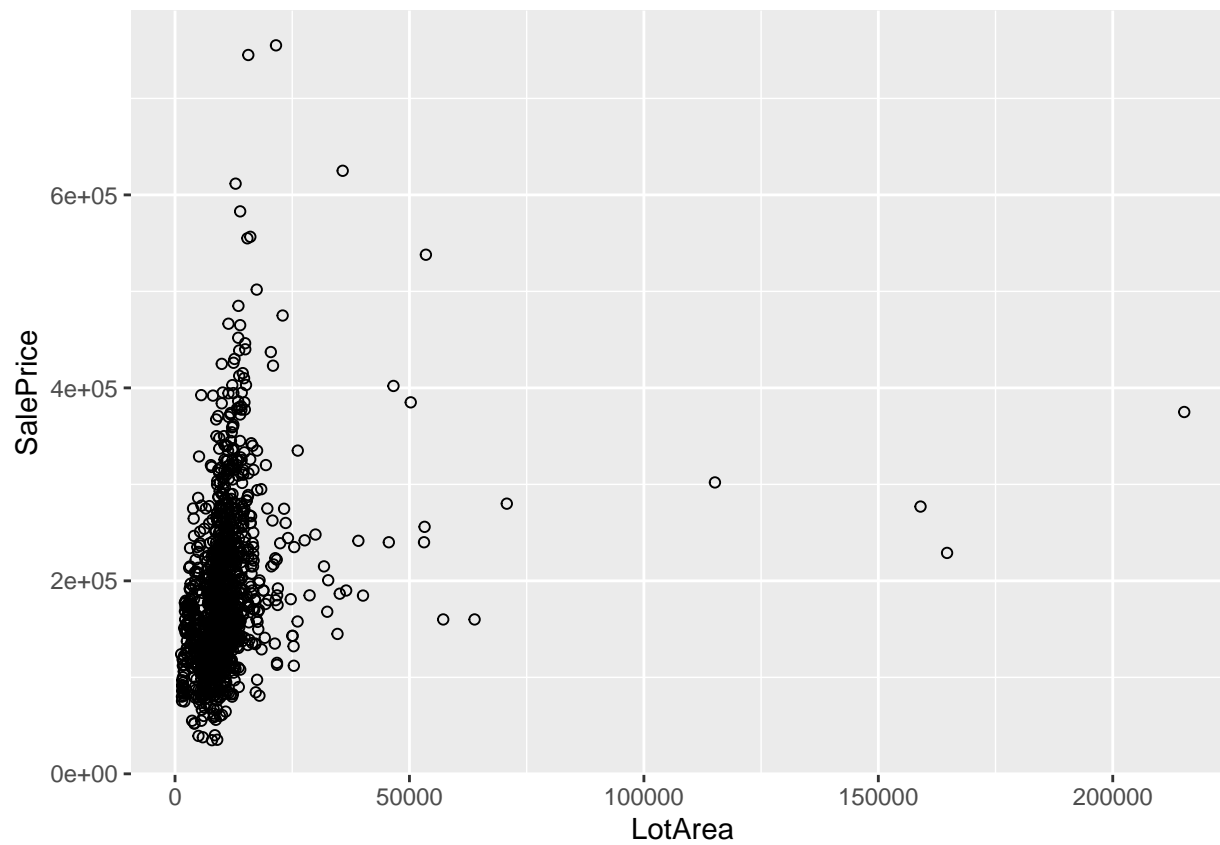
```
par(mfrow=c(1,3))
boxplot(train_df$MoSold, main='MoSold')
boxplot(train_df$YrSold, main='YrSold')
boxplot(train_df$SalePrice, main='SalePrice')
```



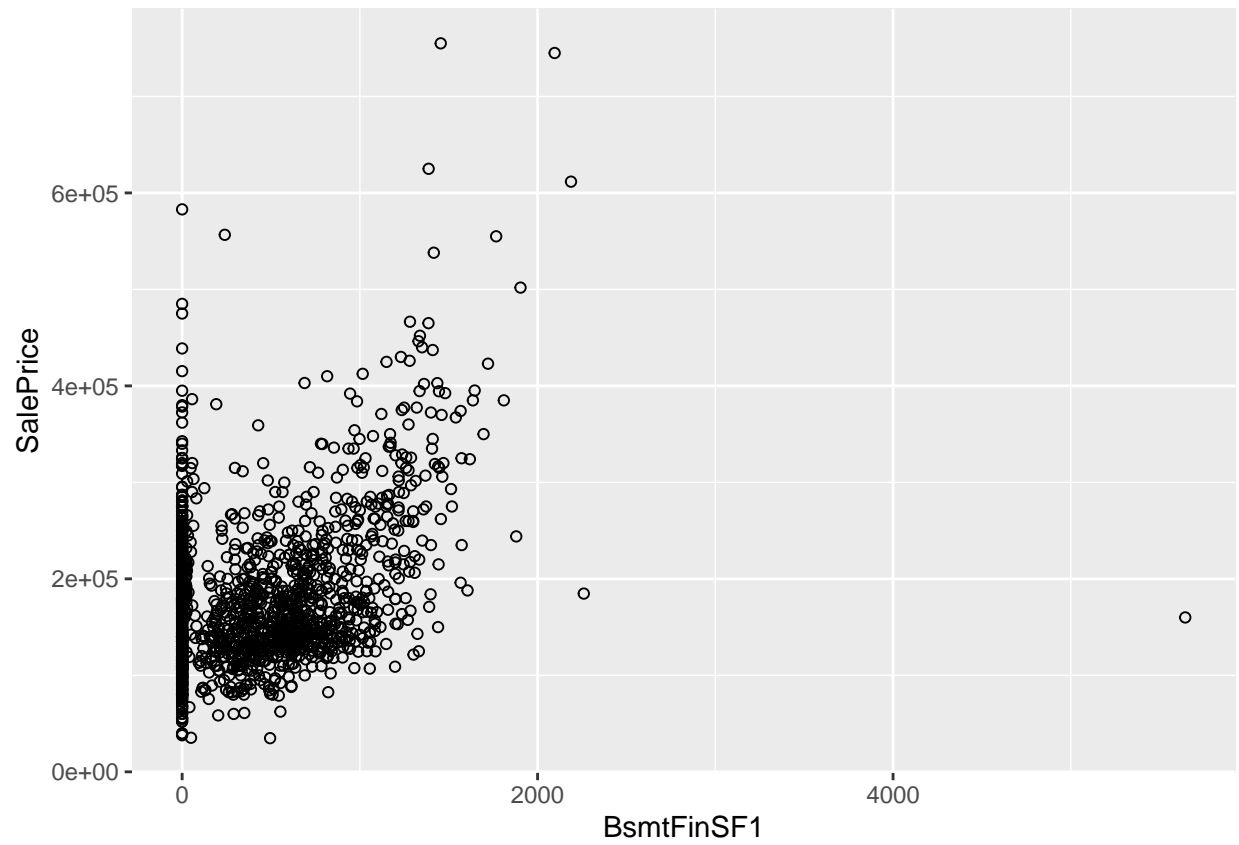


Scatter Plots for some independent variables and the response variable

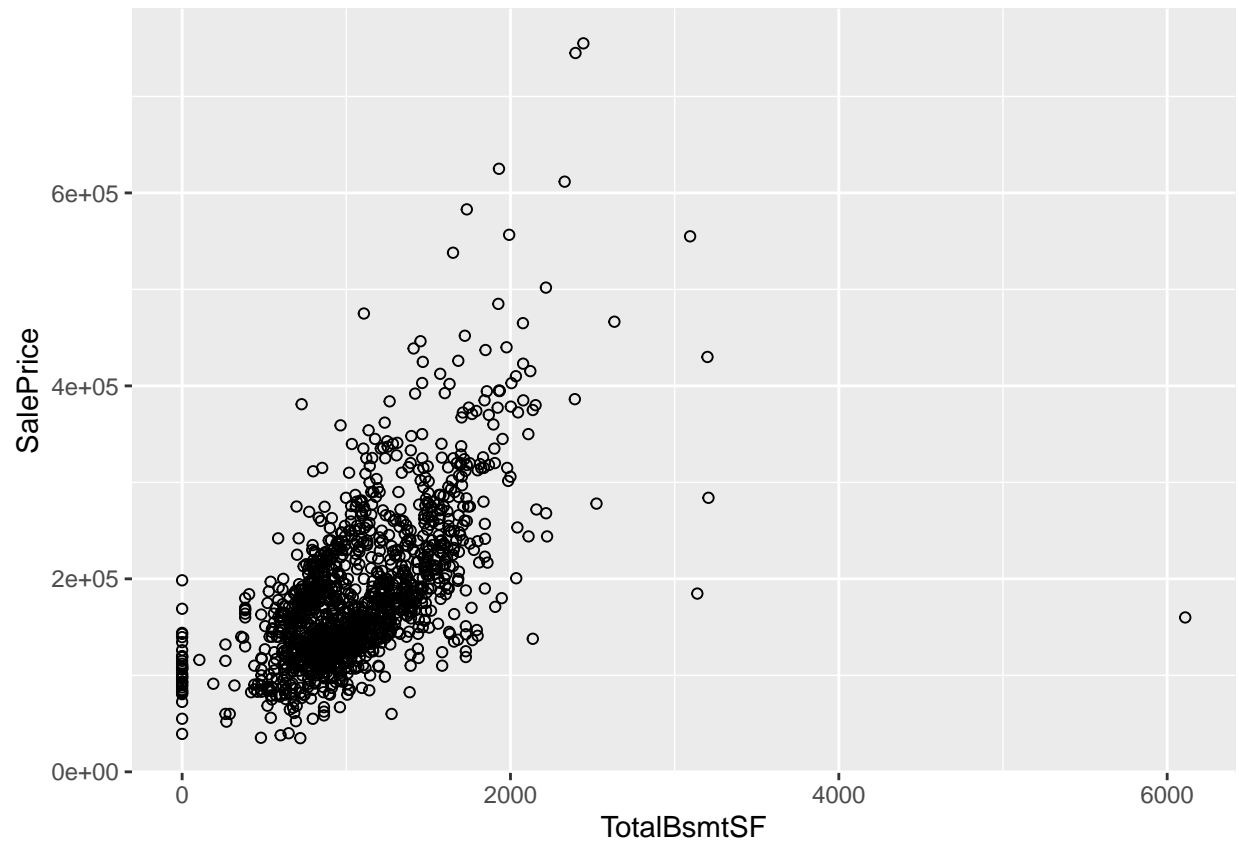
```
par(mfrow=c(2,3))
ggplot(train_df, aes(x=LotArea, y=SalePrice)) +
  geom_point(shape=1)
```



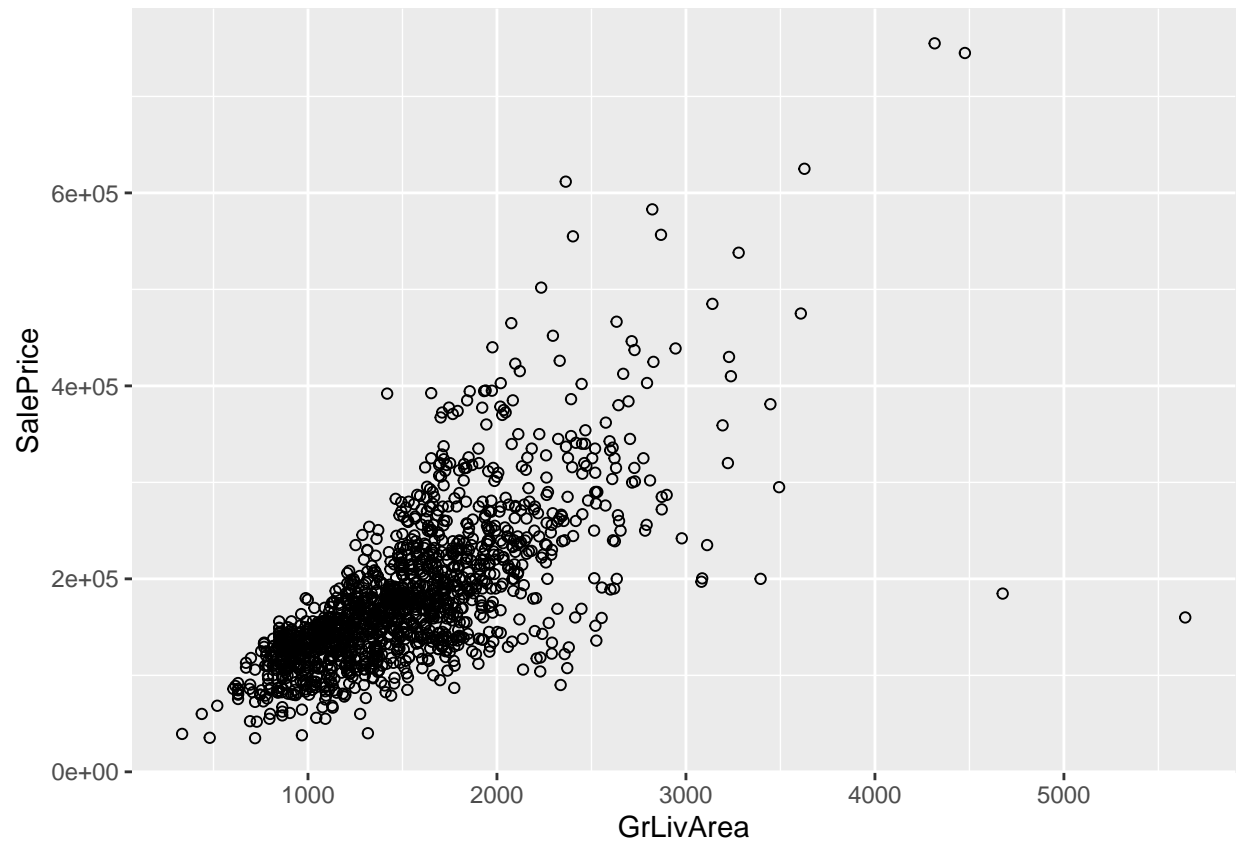
```
ggplot(train_df, aes(x=BsmtFinSF1, y=SalePrice)) +  
  geom_point(shape=1)
```



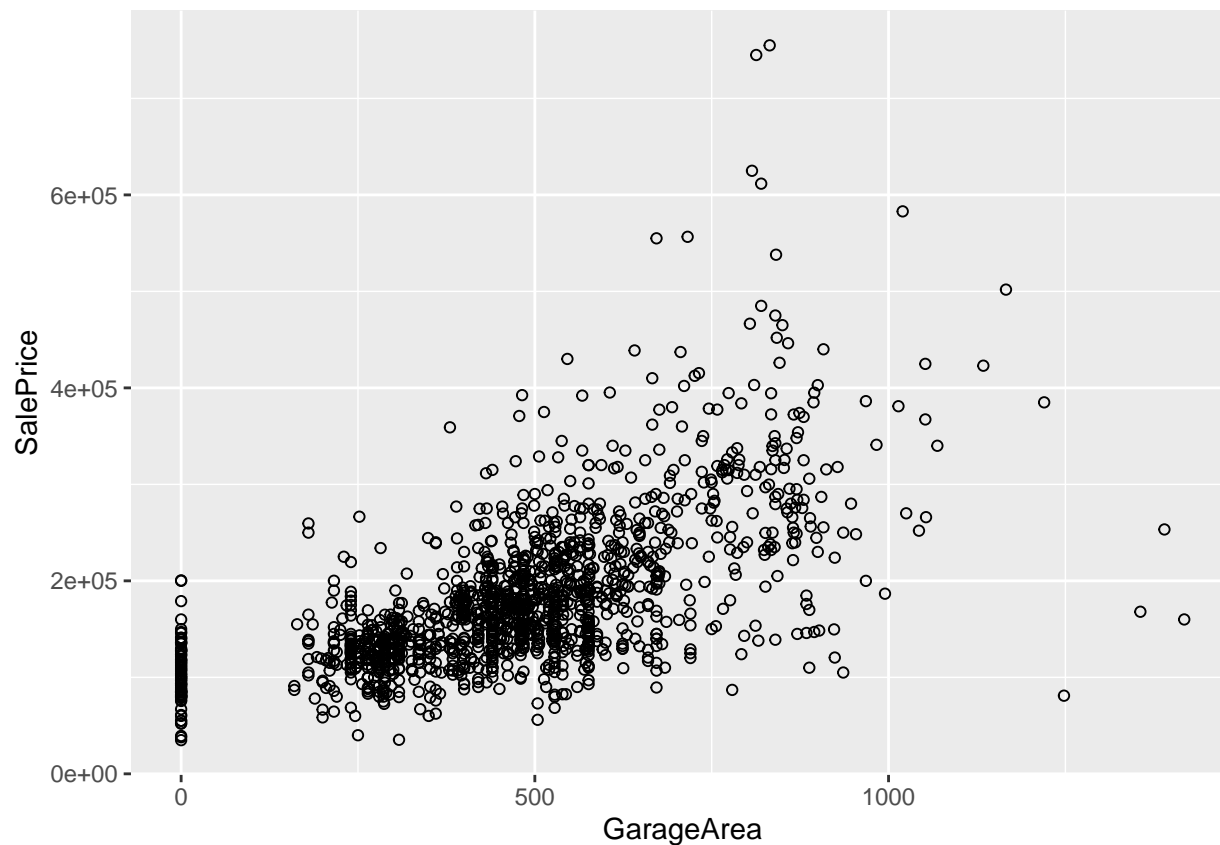
```
ggplot(train_df, aes(x=TotalBsmtSF, y=SalePrice)) +  
  geom_point(shape=1)
```



```
ggplot(train_df, aes(x=GrLivArea, y=SalePrice)) +  
  geom_point(shape=1)
```



```
ggplot(train_df, aes(x=GarageArea, y=SalePrice)) +  
  geom_point(shape=1)
```



The variable "*GrLivArea*", which refers to the area above ground, has a linear relationship with the variable "*SalePrice*".

In addition, the variable "*GarageArea*" appears to also have a good relationship, although there are homes available with no garage area.

From here, I am going to focus on three variables, "*LotArea*", "*GrLivArea*" & "*SalePrice*"

```
x <- train_df$LotArea
y <- train_df$GrLivArea
z <- train_df$SalePrice
```

```
cor(y,z)
```

```
## [1] 0.71
```

```
cor(x,z)
```

```
## [1] 0.26
```

### Living Area (Y) & Sales Price (Z)

$H_0$  : correlation between Y and Z = 0

$H_A$ : correlation between Y and Z > 0

**T-testing to get 80% confidence level:**

```
t.test(y, z, conf.level = 0.8)
```

```
##
## Welch Two Sample t-test
##
## data: y and z
## t = -90, df = 1000, p-value <2e-16
## alternative hypothesis: true difference in means is not equal to 0
## 80 percent confidence interval:
## -182071 -176740
## sample estimates:
## mean of x mean of y
## 1515 180921
```

There is a 80% confidence level where the difference in the means of the 2 variables is between -182071.5 and -176740.0.

In addition, the p-value is 2.2e-16 which is less than the significance value of 0.05.

Therefore, we reject the null hypothesis, the result is that the correlation between Living Area and Sale Price is in fact not 0, meaning that these are related to each other.

### **Lot Area (X) & sale price (Z)**

$H_0$ : correlation between X and Z = 0

$H_A$ : correlation between X and Z > 0

**T-testing to get 80% confidence level:**

```
t.test(x, z, conf.level = 0.8)
```

```
##
## Welch Two Sample t-test
##
## data: x and z
## t = -80, df = 2000, p-value <2e-16
## alternative hypothesis: true difference in means is not equal to 0
## 80 percent confidence interval:
## -173091 -167718
## sample estimates:
## mean of x mean of y
## 10517 180921
```

There is a 80% confidence level that the difference in the means of the 2 variables is between -173091.0 and -167717.8.

Again, the p-value is 2.2e-16, which is less than the significance value of 0.05.

Therefore, we can reject the null hypothesis and say that the correlation between Lot Area and Sale Price is not 0.

## Linear Algebra and Correlation

Invert your correlation matrix from above. (This is known as the precision matrix and contains variance inflation factors on the diagonal.) Multiply the correlation matrix by the precision matrix, and then multiply the precision matrix by the correlation matrix. Conduct LU decomposition on the matrix.

```
matrix_1 <- data.frame(x,z)

head(matrix_1)
```

```
##      x      z
## 1  8450 208500
## 2  9600 181500
## 3 11250 223500
## 4  9550 140000
## 5 14260 250000
## 6 14115 143000
```

### Correlation Matrix

```
matrix_1_corr <- cor(matrix_1)

matrix_1_corr
```

```
##      x      z
## x 1.00 0.26
## z 0.26 1.00
```

### Inverse of Correlation Matrix

```
matrix_1_inv <- solve(matrix_1_corr)

matrix_1_inv
```

```
##      x      z
## x 1.07 -0.28
## z -0.28 1.07
```

```
matrix_1_corr %*% matrix_1_inv
```

```
##      x z
## x 1 0
## z 0 1
```

```
matrix_1_inv %*% matrix_1_corr
```

```
##      x z
## x 1 0
## z 0 1
```

Since the Precision Matrix is an Inverse of the Correlation Matrix, the multiplication of the two, in either direction, will result in an identity matrix.



## LU Decomposition

```
L_matrix_1_corr<- lu(matrix_1_corr)$L
L_matrix_1_corr
```

```
##      x z
## x 1.00 0
## z 0.26 1
```

```
U_matrix_1_corr<- lu(matrix_1_corr)$U
U_matrix_1_corr
```

```
##      x      z
## x 1 0.26
## z 0 0.93
```

```
L_matrix_1_corr %*% U_matrix_1_corr
```

```
##      x      z
## x 1.00 0.26
## z 0.26 1.00
```

```
identical(matrix_1_corr, L_matrix_1_corr %*% U_matrix_1_corr)
```

```
## [1] TRUE
```

## Calculus-Based Probability & Statistics

Many times, it makes sense to fit a closed form distribution to data. Select a variable in the Kaggle.com training dataset that is skewed to the right, shift it so that the minimum value is absolutely above zero if necessary. Then load the MASS package and run `fitdistr` to fit an exponential probability density function. (See <https://stat.ethz.ch/R-manual/R-devel/library/MASS/html/fitdistr.html> ). Find the optimal value of  $\lambda$  for this distribution, and then take 1000 samples from this exponential distribution using this value (e.g.,  $rexp(1000, \lambda)$ ). Plot a histogram and compare it with a histogram of your original variable. Using the exponential pdf, find the 5th and 95th percentiles using the cumulative distribution function (CDF). Also generate a 95% confidence interval from the empirical data, assuming normality. Finally, provide the empirical 5th percentile and 95th percentile of the data.

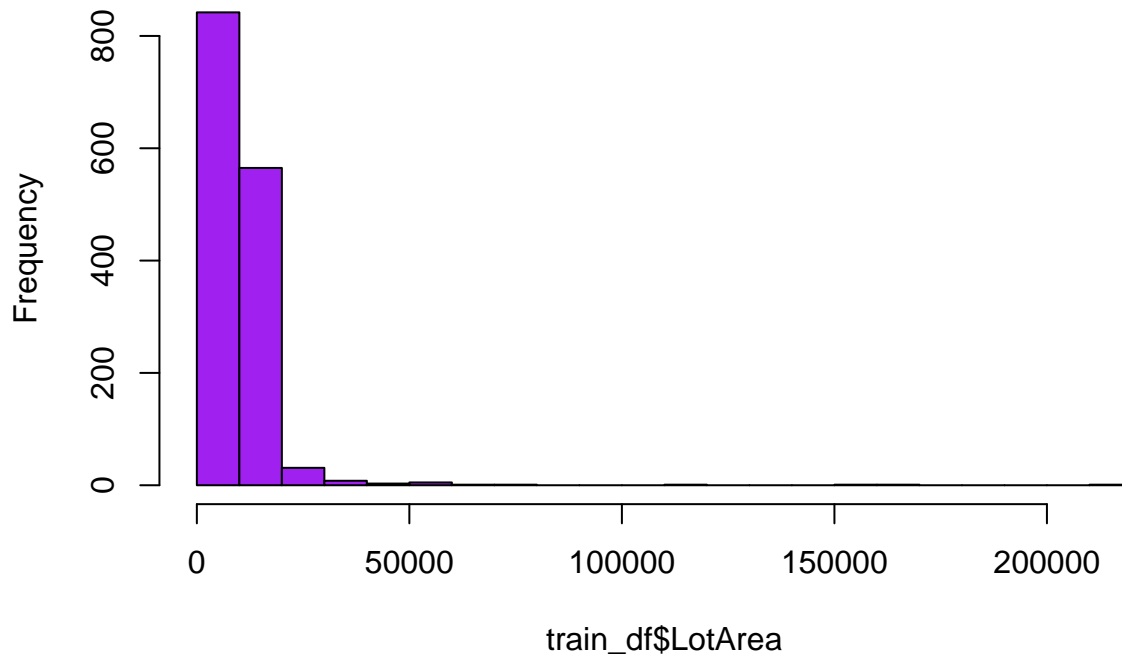
LotArea as it is skewed to the right.

The skewness value of this variable is 0.259.

This is significantly higher than 0.1, which means it is skewed to the right.

```
hist(train_df$LotArea, col = 'purple', main = 'Lot Area variable', breaks = 30)
```

## Lot Area variable



Next we will find the optimal value of lamda for this distribution, and then take 1000 samples from this exponential distribution using this value (*e.g.*,  $\text{rexp}(1000, \lambda)$ ).

Now we are going to fit this variable to an exponential distribution.

```
fitted_lot_area <- fitdistr(train_df$LotArea, "exponential")
```

```
lot_area_lambda <- fitted_lot_area$estimate  
lot_area_lambda
```

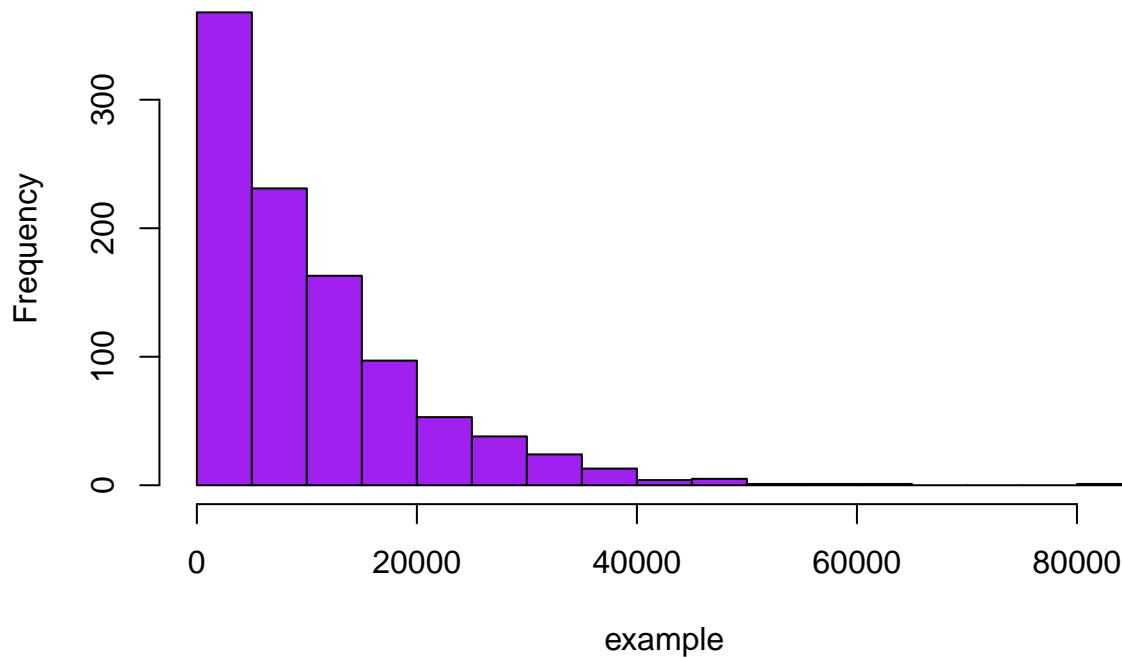
```
##    rate  
## 9.5e-05
```

```
example <- rexp(1000, lot_area_lambda)  
summary(example)
```

```
##    Min. 1st Qu.  Median    Mean 3rd Qu.    Max.  
##      27   3253   7593   10400  14440  81025
```

```
hist(example, col = 'purple', breaks = 20)
```

## Histogram of example



Generating the 5th and 95th percentiles

```
qexp(c(0.05,0.95), lot_area_lambda)
```

```
## [1] 539 31506
```

```
qnorm(c(0.025, 0.975), mean = mean(train_df$LotArea), sd = sd(train_df$LotArea))
```

```
## [1] -9046 30080
```

```
quantile(train_df$LotArea, c(0.05, 0.95))
```

```
##    5%    95%  
## 3312 17401
```

The lowest 5% of the observations are below 3311 sq. ft. of Lot Area, whereas the upper 5% values are above 17401 sq. ft.

Therefore, the 90% fall under this vector.

## Modeling

Build some type of multiple regression model and submit your model to the competition board. Provide your complete model summary and results with analysis. Report your Kaggle.com user name and score.

```
lm_sale_price <- lm(SalePrice ~ ., data = traindf_numeric)
summary(lm_sale_price)
```

```
##
## Call:
## lm(formula = SalePrice ~ ., data = traindf_numeric)
##
## Residuals:
##      Min       1Q   Median       3Q      Max
## -448886  -17213   -2076   15074  314113
##
## Coefficients: (2 not defined because of singularities)
##              Estimate Std. Error t value Pr(>|t|)
## (Intercept)  -3.38e+05  1.70e+06  -0.20  0.84270
## MSSubClass    -2.00e+02  3.45e+01  -5.80  8.8e-09 ***
## LotFrontage   -1.21e+02  6.10e+01  -1.98  0.04762 *
## LotArea        5.52e-01  1.57e-01   3.51  0.00047 ***
## OverallQual    1.88e+04  1.47e+03  12.75 < 2e-16 ***
## OverallCond    5.40e+03  1.35e+03   4.00  6.7e-05 ***
## YearBuilt      3.03e+02  8.44e+01   3.59  0.00035 ***
## YearRemodAdd   1.15e+02  8.64e+01   1.33  0.18398
## MasVnrArea     3.22e+01  6.99e+00   4.61  4.5e-06 ***
## BsmtFinSF1     1.77e+01  5.82e+00   3.04  0.00246 **
## BsmtFinSF2     9.49e+00  8.72e+00   1.09  0.27708
## BsmtUnfSF      5.09e+00  5.25e+00   0.97  0.33197
## TotalBsmtSF      NA         NA         NA      NA
## `1stFlrSF`     4.68e+01  7.36e+00   6.36  3.0e-10 ***
## `2ndFlrSF`     4.66e+01  6.05e+00   7.70  3.1e-14 ***
## LowQualFinSF   3.73e+01  2.79e+01   1.34  0.18115
## GrLivArea      NA         NA         NA      NA
## BsmtFullBath    8.90e+03  3.19e+03   2.79  0.00543 **
## BsmtHalfBath    2.48e+03  5.07e+03   0.49  0.62391
## FullBath        5.61e+03  3.53e+03   1.59  0.11156
## HalfBath       -3.96e+02  3.30e+03  -0.12  0.90456
## BedroomAbvGr   -1.00e+04  2.15e+03  -4.65  3.7e-06 ***
## KitchenAbvGr   -2.29e+04  6.70e+03  -3.42  0.00064 ***
## TotRmsAbvGrd    5.23e+03  1.48e+03   3.53  0.00043 ***
## Fireplaces      5.06e+03  2.18e+03   2.32  0.02035 *
## GarageYrBlt    -5.46e+01  9.11e+01  -0.60  0.54922
## GarageCars      1.72e+04  3.48e+03   4.95  8.7e-07 ***
## GarageArea      6.22e+00  1.21e+01   0.52  0.60640
## WoodDeckSF      1.70e+01  9.88e+00   1.72  0.08603 .
## PoolArea       -5.96e+01  2.98e+01  -2.00  0.04571 *
## MiscVal        -5.26e-01  6.87e+00  -0.08  0.93894
## MoSold         -2.14e+02  4.21e+02  -0.51  0.61232
## YrSold         -2.22e+02  8.46e+02  -0.26  0.79299
## ---
## Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
##
```

```
## Residual standard error: 36900 on 1090 degrees of freedom
## (339 observations deleted due to missingness)
## Multiple R-squared: 0.808, Adjusted R-squared: 0.803
## F-statistic: 153 on 30 and 1090 DF, p-value: <2e-16
```

After analysis the above summary, removing the independent variables which contain a value of “NA”.

In addition, removing variables where the P-Value is significantly greater than 0.05.

```
lm_2_sale_price <- lm(SalePrice ~ MSSubClass + LotFrontage + LotArea + OverallQual +
  OverallCond + YearBuilt + YearRemodAdd + MasVnrArea + BsmtFinSF1 +
  BsmtFinSF2 + BsmtUnfSF + LowQualFinSF +
  BsmtFullBath + FullBath + BedroomAbvGr + KitchenAbvGr +
  TotRmsAbvGrd + Fireplaces + GarageCars + WoodDeckSF +
  PoolArea , data = traindf_numeric)
```

```
summary(lm_2_sale_price)
```

```
##
## Call:
## lm(formula = SalePrice ~ MSSubClass + LotFrontage + LotArea +
##   OverallQual + OverallCond + YearBuilt + YearRemodAdd + MasVnrArea +
##   BsmtFinSF1 + BsmtFinSF2 + BsmtUnfSF + LowQualFinSF + BsmtFullBath +
##   FullBath + BedroomAbvGr + KitchenAbvGr + TotRmsAbvGrd + Fireplaces +
##   GarageCars + WoodDeckSF + PoolArea, data = traindf_numeric)
##
## Residuals:
##      Min       1Q   Median       3Q      Max
## -419504 -19091  -2219   15359  363931
##
## Coefficients:
##              Estimate Std. Error t value Pr(>|t|)
## (Intercept) -7.98e+05   1.46e+05  -5.47  5.5e-08 ***
## MSSubClass   -1.26e+02   3.17e+01  -3.97  7.7e-05 ***
## LotFrontage  -2.90e+01   5.91e+01  -0.49  0.62408
## LotArea       6.87e-01   1.60e-01   4.29  1.9e-05 ***
## OverallQual   2.02e+04   1.39e+03  14.50 < 2e-16 ***
## OverallCond   3.57e+03   1.25e+03   2.85  0.00450 **
## YearBuilt     1.26e+02   6.16e+01   2.04  0.04176 *
## YearRemodAdd  2.37e+02   7.80e+01   3.04  0.00245 **
## MasVnrArea    4.46e+01   7.03e+00   6.35  3.1e-10 ***
## BsmtFinSF1    2.93e+01   4.29e+00   6.83  1.3e-11 ***
## BsmtFinSF2    1.62e+01   7.84e+00   2.06  0.03937 *
## BsmtUnfSF     1.35e+01   3.81e+00   3.55  0.00041 ***
## LowQualFinSF  1.54e+01   2.25e+01   0.69  0.49298
## BsmtFullBath  7.43e+03   2.98e+03   2.49  0.01284 *
## FullBath      1.45e+04   3.00e+03   4.85  1.4e-06 ***
## BedroomAbvGr -7.77e+03   1.99e+03  -3.91  9.8e-05 ***
## KitchenAbvGr -1.93e+04   5.74e+03  -3.36  0.00080 ***
## TotRmsAbvGrd  1.22e+04   1.23e+03   9.90 < 2e-16 ***
## Fireplaces    8.75e+03   2.09e+03   4.18  3.1e-05 ***
## GarageCars    1.32e+04   1.97e+03   6.67  3.9e-11 ***
## WoodDeckSF    2.84e+01   9.84e+00   2.88  0.00401 **
```

```
## PoolArea      -2.37e+01   2.96e+01   -0.80  0.42444
## ---
## Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
##
## Residual standard error: 37900 on 1173 degrees of freedom
## (265 observations deleted due to missingness)
## Multiple R-squared:  0.796, Adjusted R-squared:  0.792
## F-statistic: 218 on 21 and 1173 DF, p-value: <2e-16
```

Now it is time to import our Test set

```
test_raw <- "https://raw.githubusercontent.com/josephsimone/Data-605/master/test.csv"
test_df <- read.csv(test_raw, header = TRUE, sep = ",")
head(test_df)
```

```
##      Id MSSubClass MSZoning LotFrontage LotArea Street Alley LotShape
## 1 1461          20      RH           80  11622   Pave  <NA>      Reg
## 2 1462          20      RL           81  14267   Pave  <NA>      IR1
## 3 1463          60      RL           74  13830   Pave  <NA>      IR1
## 4 1464          60      RL           78  9978    Pave  <NA>      IR1
## 5 1465         120      RL           43  5005    Pave  <NA>      IR1
## 6 1466          60      RL           75 10000    Pave  <NA>      IR1
##      LandContour Utilities LotConfig LandSlope Neighborhood Condition1
## 1          Lvl1    AllPub    Inside      Gtl1         Names      Feedr
## 2          Lvl1    AllPub    Corner      Gtl1         Names      Norm
## 3          Lvl1    AllPub    Inside      Gtl1        Gilbert      Norm
## 4          Lvl1    AllPub    Inside      Gtl1        Gilbert      Norm
## 5          HLS    AllPub    Inside      Gtl1        StoneBr      Norm
## 6          Lvl1    AllPub    Corner      Gtl1        Gilbert      Norm
##      Condition2 BldgType HouseStyle OverallQual OverallCond YearBuilt
## 1          Norm    1Fam    1Story           5           6      1961
## 2          Norm    1Fam    1Story           6           6      1958
## 3          Norm    1Fam    2Story           5           5      1997
## 4          Norm    1Fam    2Story           6           6      1998
## 5          Norm    TwnhsE  1Story           8           5      1992
## 6          Norm    1Fam    2Story           6           5      1993
##      YearRemodAdd RoofStyle RoofMatl Exterior1st Exterior2nd MasVnrType
## 1          1961     Gable  CompShg    VinylSd    VinylSd      None
## 2          1958       Hip  CompShg     Wd Sdng     Wd Sdng    BrkFace
## 3          1998     Gable  CompShg    VinylSd    VinylSd      None
## 4          1998     Gable  CompShg    VinylSd    VinylSd    BrkFace
## 5          1992     Gable  CompShg    HdBoard    HdBoard      None
## 6          1994     Gable  CompShg    HdBoard    HdBoard      None
##      MasVnrArea ExterQual ExterCond Foundation BsmtQual BsmtCond BsmtExposure
## 1           0         TA         TA    CBlock      TA         TA          No
## 2         108         TA         TA    CBlock      TA         TA          No
## 3           0         TA         TA    PConc      Gd         TA          No
## 4          20         TA         TA    PConc      TA         TA          No
## 5           0         Gd         TA    PConc      Gd         TA          No
## 6           0         TA         TA    PConc      Gd         TA          No
##      BsmtFinType1 BsmtFinSF1 BsmtFinType2 BsmtFinSF2 BsmtUnfSF TotalBsmtSF
## 1          Rec      468          LwQ      144      270      882
## 2          ALQ      923          Unf        0      406     1329
```

## 3	GLQ	791	Unf	0	137	928		
## 4	GLQ	602	Unf	0	324	926		
## 5	ALQ	263	Unf	0	1017	1280		
## 6	Unf	0	Unf	0	763	763		
##	Heating	HeatingQC	CentralAir	Electrical	X1stFlrSF	X2ndFlrSF	LowQualFinSF	
## 1	GasA	TA	Y	SBrkr	896	0	0	
## 2	GasA	TA	Y	SBrkr	1329	0	0	
## 3	GasA	Gd	Y	SBrkr	928	701	0	
## 4	GasA	Ex	Y	SBrkr	926	678	0	
## 5	GasA	Ex	Y	SBrkr	1280	0	0	
## 6	GasA	Gd	Y	SBrkr	763	892	0	
##	GrLivArea	BsmtFullBath	BsmtHalfBath	FullBath	HalfBath	BedroomAbvGr		
## 1	896	0	0	1	0	2		
## 2	1329	0	0	1	1	3		
## 3	1629	0	0	2	1	3		
## 4	1604	0	0	2	1	3		
## 5	1280	0	0	2	0	2		
## 6	1655	0	0	2	1	3		
##	KitchenAbvGr	KitchenQual	TotRmsAbvGrd	Functional	Fireplaces	FireplaceQu		
## 1	1	TA	5	Typ	0	<NA>		
## 2	1	Gd	6	Typ	0	<NA>		
## 3	1	TA	6	Typ	1	TA		
## 4	1	Gd	7	Typ	1	Gd		
## 5	1	Gd	5	Typ	0	<NA>		
## 6	1	TA	7	Typ	1	TA		
##	GarageType	GarageYrBlt	GarageFinish	GarageCars	GarageArea	GarageQual		
## 1	Attchd	1961	Unf	1	730	TA		
## 2	Attchd	1958	Unf	1	312	TA		
## 3	Attchd	1997	Fin	2	482	TA		
## 4	Attchd	1998	Fin	2	470	TA		
## 5	Attchd	1992	RFn	2	506	TA		
## 6	Attchd	1993	Fin	2	440	TA		
##	GarageCond	PavedDrive	WoodDeckSF	OpenPorchSF	EnclosedPorch	X3SsnPorch		
## 1	TA	Y	140	0	0	0		
## 2	TA	Y	393	36	0	0		
## 3	TA	Y	212	34	0	0		
## 4	TA	Y	360	36	0	0		
## 5	TA	Y	0	82	0	0		
## 6	TA	Y	157	84	0	0		
##	ScreenPorch	PoolArea	PoolQC	Fence	MiscFeature	MiscVal	MoSold	YrSold
## 1	120	0	<NA>	MnPrv	<NA>	0	6	2010
## 2	0	0	<NA>	<NA>	Gar2	12500	6	2010
## 3	0	0	<NA>	MnPrv	<NA>	0	3	2010
## 4	0	0	<NA>	<NA>	<NA>	0	6	2010
## 5	144	0	<NA>	<NA>	<NA>	0	1	2010
## 6	0	0	<NA>	<NA>	<NA>	0	4	2010
##	SaleType	SaleCondition						
## 1	WD	Normal						
## 2	WD	Normal						
## 3	WD	Normal						
## 4	WD	Normal						
## 5	WD	Normal						
## 6	WD	Normal						

Convert “NA” Valus again

```
test_df$MasVnrArea[is.na(test_df$MasVnrArea)] <- 0
test_df$BsmtFinSF1[is.na(test_df$BsmtFinSF1)] <- 0
test_df$BsmtFullBath[is.na(test_df$BsmtFullBath)] <- 0

res_prediction <- predict(lm_2_sale_price, test_df)

res_prediction_df <- data.frame(cbind(test_df$Id, res_prediction))

colnames(res_prediction_df) = c('Id', 'SalePrice')

head(res_prediction_df, 5)
```

```
##      Id SalePrice
## 1 1461    116124
## 2 1462    166324
## 3 1463    170743
## 4 1464    206188
## 5 1465    193928
```

### Kaggle Submission

Kaggle User Name: jpsimone. After my submission to the House Prices: Advanced Regression Techniques, I recieved a score of 4.78103.