Chapter 1

Set Theory, Probability, and Single Experiment

1. From Set to Probability (of the single experiment)

   (a)

Set Theory	Probability
Element	Outcome
Subset	Event
Universal Set	Sample Space

   (b) Outcome and Event:

      i. Outcomes are always **Mutually Exclusive** since there are the smallest units (i.e., Elements) in the Set.

      ii. Event constitutes by different combinations of outcomes (through Union ($\cup$) Operation).

   (c) $\mathbb{P}(\text{Event})$ is the possibility that the event appears in the sample space.

   (d) $\mathbb{P}(\emptyset) = 0$ since there is no element in *null set*, and $\mathbb{P}(\text{Sample Space}) = 1$.

2. From Set Operation to Probability Operation

   (a) There are three Set Operations: $A \cup B, A \cap B, A^{c}$.

   (b) $\mathbb{P}(A \cup B) = \mathbb{P}(A) + \mathbb{P}(B) - \mathbb{P}(A \cap B)$.

   (c) **Union Bound:** $\mathbb{P}\big(\cup_{i=1}^{N} A_i\big) \leq \sum_{i=1}^{N} \mathbb{P}(A_i)$.

   (d) **Mutually Exclusive:** $\mathbb{P}(A \cap B) = 0$ so that $\mathbb{P}(A \cup B) = \mathbb{P}(A) + \mathbb{P}(B)$.

   (e) **Collectively Exhaustive:** $\mathbb{P}(A \cup B) = 1$.

   (f) **Partitions (i.e., Mutually Exclusive & Collectively Exhaustive):** $\mathbb{P}\big(\cup_{i=1}^{N} A_i\big) = \sum_{i=1}^{N} \mathbb{P}(A_i) = 1$.

3. Conditional Probability

   (a) $\mathbb{P}(A \mid B) = \frac{\mathbb{P}(AB)}{\mathbb{P}(B)}$.

   (b) **If A_i are Mutually Exclusive:** $\mathbb{P}(A \mid B) = \mathbb{P}\big(\cup_{i=1}^{N} A_i \mid B\big) = \sum_{i=1}^{N} \mathbb{P}(A_i \mid B)$.

   (c) **If B_i are Partitions** (Law of Total Number),

$$
\begin{aligned}
\mathbb{P}(A \mid B) &= \frac{\mathbb{P}(AB)}{\mathbb{P}(B)} && \text{(Definition of Conditional Probability)} \\
&= \mathbb{P}(AB) && (B \text{ is Collectively Exhaustive so } P(B) = 1) \\
&= \mathbb{P}\big(A \cdot \cup_{i=1}^{N} B_i\big) && (B \text{ is Mutually Exclusive}) \\
&= \sum_{i=1}^{N} \mathbb{P}(AB_i) && (B \text{ is Partition}) \\
&= \sum_{i=1}^{N} \mathbb{P}(A \mid B_i)\mathbb{P}(B_i). && \text{(Definition of Conditional Probability)}
\end{aligned}
$$

4. Bayes' Theorem: $\mathbb{P}(A \mid B) = \frac{\mathbb{P}(B|A)\mathbb{P}(A)}{\mathbb{P}(B)}$.

5. Independent:

   (a) $\mathbb{P}(A \cap B) = \mathbb{P}(A)\mathbb{P}(B)$.

   (b) $\mathbb{P}(A \cup B) = \mathbb{P}(A) + \mathbb{P}(B) - \mathbb{P}(A)\mathbb{P}(B)$.

   (c) $\mathbb{P}(A \mid B) = \frac{\mathbb{P}(AB)}{\mathbb{P}(B)} = \frac{\mathbb{P}(A)\mathbb{P}(B)}{\mathbb{P}(B)} = \mathbb{P}(A)$.

Chapter 2

Sequential Experiments

1. Tree Diagrams
2. Counting Methods (**Essentially the outcomes in each experiment (i.e., sample space) are equiprobable**)
   (a) Multiplication: $n \times k_1 \times k_2 \times \dots$
   (b) Sampling without Replacement
      i. Permutation: $\frac{n!}{(n-k)!}$.
      ii. Combination: $\binom{n}{k} = \frac{n!}{k!(n-k)!} = \binom{n}{n-k}$.
      iii. Combination is Permutation without order. Combination is also called n choose k.
   (c) Sampling with Replacement: n^k
   (d) Multiple Combination:
      i. $\binom{n}{k_1, k_2, \dots, k_m} = \frac{n!}{k_1!k_2!\dots k_m!}$ where $n = \sum_{i=1}^{m} k_i$.
      ii. For the two cases situation, $n = k_1 + k_2 \Rightarrow \binom{n}{k_1 k_2} = \frac{n!}{k_1!k_2!} \iff \binom{n}{k_1} \iff \binom{n}{k_2}$.
3. Independent Trails (**Essentially the outcomes in each sample space are not necessarily equiprobable**)
   (a) *Theorem 2.8:* The Probability of k_0 failures and k_1 successes in $n = k_0 + k_1$ Independent Trails with success rate p is
   $$\mathbb{P}(k_0, k_1) = \binom{n}{k_0}(1-p)^{k0} p^{k_1} = \binom{n}{k_1}(1-p)^{k0} p^{k_1}.$$
   (b) *Theorem 2.9:* $n = k_1 + k_2 + \dots + k_m$ and success rates are $p_1, p_2, \dots, p_m$, where $\sum_{i=1}^{m} p_i = 1$ has
   $$\mathbb{P}(k_1, k_2, \dots, k_m) = \binom{n}{k_1, k_2, \dots, k_m} p_1^{k_1} p_2^{k_2} \dots p_m^{k^m}.$$

Chapter 3

Discrete Random Variables

1. Discrete Random Variables: Assign numerical value to discrete outcomes
2. Probability Mass Function (PMF):
$$\sum_{x \in X} P_X(x) = 1.$$
3. Families of Discrete Random Variables and their PMF
   (a) Bernoulli (p): **E.g., Flip a coin**
   $$P_X(x) = \begin{cases} 1-p & x = 0, \\ p & x = 1, \\ 0 & otherwise. \end{cases}$$
   (b) Binomial (n, p): Get **x** successes in **n** Bernoulli (p) experiments $\iff$ independent trails
   $$P_X(x) = \begin{cases} \binom{n}{x} p^x (1-p)^{n-x} & x = 0, 1, \dots, n \\ 0 & otherwise. \end{cases}$$
   Note: Bernoulli (p) $\iff$ Binomial ($1, p$).
   (c) Poisson (α): Binomial (n, p) with small p, large n, and $\alpha = np$
   $$P_X(x) = \begin{cases} \dfrac{\alpha^x e^{-\alpha}}{x!} & x = 0, 1, \dots \\ 0 & otherwise. \end{cases}$$
   (d) Geometric (p): Get the **1st** success at the $\boldsymbol{x}$**-th** Bernoulli (p) experiment
   $$P_X(x) = \begin{cases} p(1-p)^{x-1} & x = 1, 2, \dots \\ 0 & otherwise. \end{cases}$$
   (e) Pascal (k, p): Get the $\boldsymbol{k}$**-th** success at the $\boldsymbol{x}$**-th** Bernoulli (p) experiment
   $$P_X(x) = \begin{cases} \binom{x-1}{k-1} p^k (1-p)^{x-k} & x = k, k+1, k+2, \dots \\ 0 & otherwise. \end{cases}$$
   Note: Geometric (p) $\iff$ Pascal ($1, p$).
   (f) Discrete Uniform (k, l): outcomes are uniformly distributed on range (k, l) **E.g., Roll a Die**
   $$P_X(x) = \begin{cases} 1/(l-k+1) & x = k, k+1, k+2, \dots, l \\ 0 & otherwise. \end{cases}$$

4. Cumulative Distribution Function (CDF):

$$F_X(x) = P_X[X \leq x] = \sum_{k=0}^{x} P_X(k).$$
$$F_X(b) - F_X(a) = \sum_{k=0}^{b} P_X(k) - \sum_{k=0}^{a} P_X(k) = \sum_{k=a+1}^{b} P_X(k) = P_X(a < X \leq b).$$

The CDF of Geometric (p) is worth to remember

$$\begin{aligned} F_X(x) &= P_X[X \leq x] \\ &= 1 - P_X[X > x] \\ &= 1 - \sum_{i=x+1}^{\infty} p(1-p)^{i-1} \\ &= 1 - (1-p)^x \sum_{i=1}^{\infty} p(1-p)^{i-1} \\ &= 1 - (1-p)^x. \end{aligned}$$

5. Average and Expectations

   (a) In ordinary language, an **Average** is a single number taken as representative of a list of numbers.

   i. Mode: The outcome appears the most often in the sample space

   $$P_X(x_{\text{mode}}) \geq P_X(x).$$

   ii. Median: The outcome which separates the higher half from the lower half of a sample space

   $$P_X[X \leq x_{\text{med}}] \geq 1/2, \qquad P_X[X \geq x_{\text{med}}] \geq 1/2.$$

   iii. (Arithmetic) mean: The sum of all the outcomes divided by the number of outcomes

   $$\bar{x} = \frac{1}{n} \sum_{i=1}^{n} x_i.$$

   (b) Expectation: Weighted (Arithmetic) mean

   i. Definition:

   $$\mu_x = \mathbb{E}[X] = \sum_{x \in S_X} x P_X(x). \qquad \text{(First Moment of } X\text{)}$$
   $$\mathbb{E}\left[X^2\right] = \sum_{x \in S_X} x^2 P_X(x). \qquad \text{(Second Moment of } X\text{)}$$

   ii. Important Expectations

   A. Bernoulli (p):
   $$\mathbb{E}[X] = 0 \cdot P_X(0) + 1 \cdot P_X(1) = 0(1-p) + 1(p) = p.$$

   B. Binomial (n, p):
   $$\mathbb{E}[X] = np.$$

   C. Poisson (α):
   $$\mathbb{E}[X] = \alpha.$$

   D. Geometric (p):
   $$\mathbb{E}[X] = 1/p.$$

   E. Pascal (k, p):
   $$\mathbb{E}[X] = k/p.$$

F. Discrete Uniform (k, l):

$$\mathbb{E}[X] = (k + l)/2.$$

(c) From an engineering perspective, **Mean (including Expectations, etc.)** is numerically easier to calculate, either using human brain or computers, than Mode and Median, when the sample space is humongous.

(d) In most cases, average, mean and expectation refer to the same concept.

6. Derived Random Variable: $Y = g(X)$

   (a) $P_Y(y) = P[Y = y] = P[Y = g(x)] = P[g^{-1}(Y) = g^{-1}(g(x))] = P[X = x] = P_X(x)$

   (b) $\mathbb{E}[Y] = \sum yP_Y(y) = \sum g(x)P_X(x)$

   (c) $\mathbb{E}[X - \mu_x] = \sum_{x\in S_X}(x - \mu_x)P_X(x) = \sum_{x\in S_X} xP_X(x) - \mu_x \sum_{x\in S_X} P_X(x) = \mathbb{E}[X] - \mu_x \cdot 1 = \mu_x - \mu_x = 0$

   (d) $\mathbb{E}[aX + b] = a\mathbb{E}[X] + b \Rightarrow \mathbb{E}[b] = \mathbb{E}[0 \cdot X + b] = b$

7. Variance (σ_x^2) and Standard Deviation (σ_x)

   (a)

$$\begin{aligned}
\sigma_x^2 &= \text{Var}(X) \\
&= \mathbb{E}\big[(X - \mu_x)^2\big] \\
&= \mathbb{E}\big[X^2 - 2\mu_x X + \mu_x^2\big] \\
&= \mathbb{E}\big[X^2\big] - 2\mu_x\mathbb{E}[X] + \mathbb{E}\big[\mu_x^2\big] \\
&= \mathbb{E}\big[X^2\big] - 2\mu_x^2 + \mu_x^2 \\
&= \mathbb{E}\big[X^2\big] - \mu_x^2
\end{aligned}$$

   (b) $\text{Var}(X) \geq 0$

   (c) $\text{Var}(aX + b) = a^2\,\text{Var}(X)$

   (d) Important Variance:

      i. Bernoulli (p):

$$\text{Var}(X) = p(1 - p).$$

      ii. Binomial (n, p):

$$\text{Var}(X) = np(1 - p).$$

      iii. Poisson (α):

$$\text{Var}(X) = \alpha.$$

      iv. Geometric (p):

$$\text{Var}(X) = (1 - p)/p^2.$$

      v. Pascal (k, p):

$$\text{Var}(X) = k(1 - p)/p^2.$$

      vi. Discrete Uniform (k, l):

$$\text{Var}(X) = (l - k)(l - k + 2)/12.$$

Chapter 4

Continuous Random Variables

4.1 Continuous sample space

Axiom. A random variable X is continuous if the range S_X consists of one or more intervals. For $x \in S_X$, $\mathbb{P}(X = x) = 0$.

4.2 The Cumulative Distribution Function

Definition 4.1 (Cumulative Distribution Function (CDF))**.** The CDF of random variable X is

$$F_X(x) = \mathbb{P}(X \le x).$$

Theorem 4.2. *For any random variable X,*

1. $F_X(-\infty) = 0$
2. $F_X(\infty) = 1$
3. $\mathbb{P}(x_1 < X \le x_2) = F_X(x_2) - F_X(x_1)$

4.3 Probability Density Function

Start with a continuous random variable X with CDF $F_X(x)$. The probability of "X with volume $\triangle$" is defined as:

$$\begin{aligned}\mathbb{P}(x < X \le x + \triangle) &= F_X(x + \triangle) - F_X(x)\\ &= \frac{F_X(x + \triangle) - F_X(x)}{(x + \triangle) - x} \cdot \triangle.\end{aligned}$$

Definition 4.3 (Probability Density Function (PDF))**.**

$$\begin{aligned}f_X(x) &= \lim_{\triangle \to 0} \frac{F_X(x + \triangle) - F_X(x)}{\triangle}\\ &= \frac{\mathrm{d}\, F_X(x)}{\mathrm{d}\, x}.\end{aligned}$$

Theorem 4.4. *For a continuous random variable X with PDF $f_X(x)$,*

1. $f_X(x) \ge 0$ *for all* x
2. $F_X(x) = \int_{-\infty}^{x} f_X(u)\,\mathrm{d}\,u$
3. $\int_{-\infty}^{\infty} f_X(x)\,\mathrm{d}\,x = 1$

Theorem 4.5.

$$\mathbb{P}(x_1 < X \le x_2) = \int_{x_1}^{x_2} f_X(x)\,\mathrm{d}\,x.$$

4.4 Expected Value

Definition 4.6 (Expected value)**.**

$$\mathbb{E}[X] = \int_{-\infty}^{\infty} x f_X(x)\,\mathrm{d}\,x.$$

Theorem 4.7 (Derived Random Variable)**.**

$$\mathbb{E}[g(X)] = \int_{-\infty}^{\infty} g(x) f_X(x)\,\mathrm{d}\,x.$$

Theorem 4.8. *For any random variable X,*

1. $\mathbb{E}[X - \mu_x] = 0$,
2. $\mathbb{E}[aX + b] = a\mathbb{E}[X] + b$,
3. $\mathrm{Var}[X] = \mathbb{E}\left[X^2\right] - \mu_x^2$,
4. $\mathrm{Var}[aX + b] = a^2\,\mathrm{Var}[X]$.

4.5 Families of Continuous Random Variables

1. Continuous Uniform $\mathsf{Unif}(k, l)$: A continuous counterpart of Discrete Uniform

$$\begin{aligned} f_X(x) &= \begin{cases} \frac{1}{l-k} & k \le x \le l \\ 0 & otherwise. \end{cases} \\ F_X(x) &= \frac{x-k}{l-k}. \qquad x \in (k, l) \\ \mathbb{E}[X] &= (l+k)/2. \\ \mathrm{Var}[X] &= (l-k)^2/12. \end{aligned}$$

2. Exponential $\mathsf{Exp}(\lambda)$: A continuous counterpart of $\mathsf{Geom}(1 - e^{-\lambda})$

$$\begin{aligned} f_X(x) &= \begin{cases} \lambda e^{-\lambda x} & x \ge 0 \\ 0 & otherwise. \end{cases} \\ F_X(x) &= 1 - e^{-\lambda x}. \\ \mathbb{E}[X] &= 1/\lambda. \\ \mathrm{Var}[X] &= 1/\lambda^2. \end{aligned}$$

3. Erlang $\mathsf{Erlang}(n, \lambda)$: A continuous counterpart of $\mathsf{Pascal}(n, 1 - e^{-\lambda})$

$$\begin{aligned} f_X(x) &= \begin{cases} \frac{\lambda(\lambda x)^{n-1} e^{-\lambda x}}{(n-1)!} & x \ge 0 \\ 0 & otherwise. \end{cases} \\ F_X(x) &= 1 - \sum_{k=0}^{n-1} \frac{(\lambda x)^k e^{-\lambda x}}{k!} = \mathbb{P}_{\mathbf{poisson}}(k \ge n). \\ \mathbb{E}[X] &= n/\lambda. \\ \mathrm{Var}[X] &= n/\lambda^2. \end{aligned}$$

4.6 Gaussian Random Variables

Theorem 4.9 (Gaussian Integral).

$$\int_{-\infty}^{\infty} e^{-x^2} \,\mathrm{d}\, x = \sqrt{\pi}.$$

Definition 4.10 (Gaussian Random Variable). X is a $\mathsf{Gaussian}(\mu, \sigma)$ random variable if the PDF of X is

$$f_X(x) = \frac{1}{\sqrt{2\pi\sigma^2}} \exp(-\frac{(x-\mu)^2}{2\sigma^2}).$$

X is also called $\mathsf{Normal}(\mu, \sigma)$ random variable. We will use $\mathsf{N}(\mu, \sigma)$ in the following content.

Theorem 4.11 (The Expectation and Variance of $X \sim \mathsf{N}(\mu, \sigma)$).

$$\mathbb{E}[X] = \mu, \qquad \mathrm{Var}(X) = \sigma^2.$$

Theorem 4.12. *If X is $\mathsf{N}(\mu, \sigma)$, $Y = aX + b$ is $\mathsf{N}(a\mu + b, a\sigma)$.*

Theorem 4.13 (Standard Normal Random Variable). *The $\mathsf{N}(\mu, \sigma)$ with $\mu = 0, \sigma = 1$ is called standard normal random variable $Z \sim \mathsf{N}(0, 1)$. The* PDF *is,*

$$f_X(x) = \frac{1}{\sqrt{2\pi}} \exp(-\frac{x^2}{2}).$$

And the CDF *is*

$$\Phi(z) = \int_{-\infty}^{z} \frac{1}{\sqrt{2\pi}} \exp(-\frac{u^2}{2}) \,\mathrm{d}\, u.$$

Theorem 4.14. *If X is $\mathsf{N}(\mu, \sigma)$, the* CDF *of X is*

$$F_X(x) = \Phi\left(\frac{x-\mu}{\sigma}\right).$$

The probability that X is in the interval (a, b) is

$$\mathbb{P}(a < X \leq b) = \Phi\left(\frac{b-\mu}{\sigma}\right) - \Phi\left(\frac{a-\mu}{\sigma}\right).$$

Theorem 4.15. $\Phi(-z) = 1 - \Phi(z)$.

4.7 Delta Function, Mixed (Being Discrete and Continuous at the same time) Random Variable

Definition 4.16 (Unit Impulse (Delta) Function). Let

$$d_\epsilon(x) = \begin{cases} 1/\epsilon & -\epsilon/2 \leq x \leq \epsilon/2 \\ 0 & otherwise. \end{cases}$$

The **unit impulse function** is

$$\delta(x) = \lim_{\epsilon \to 0} d_\epsilon(x).$$

Since

$$\int_{-\infty}^{\infty} \delta(x) \,\mathrm{d}\, x = 1.$$

The $\delta(x)$ is indeed a PDF given it is also non-negative.

Theorem 4.17. *For any continuous function $g(x)$,*

$$\int_{-\infty}^{\infty} g(x)\delta(x - x_0) \,\mathrm{d}\, x = g(x_0).$$

Definition 4.18 (Unit Step Function)**.** The **unit step function** is

$$u(x) = \begin{cases} 0 & x < 0, \\ 1 & x \geq 0. \end{cases}$$

Theorem 4.19 (CDF of $\delta(x)$ and connection to the unit step function)**.**

$$\int_{-\infty}^{x} \delta(v) \, \mathrm{d}\, v = u(x).$$

And thus

$$\delta(x) = \frac{\mathrm{d}\, u(x)}{\mathrm{d}\, x}.$$

Corollary 4.20. *The theorem 4.19 allows us to define a generalized* PDF *that applies to discrete random variables as well as to continuous random variables. Consider the* CDF *of a discrete random variable, X. It is constant (let's say 0 for now) everywhere except at point $x_i \in S_X$, where it has jumps of height $P_X(x_i)$. Using the **unit step function**, the* CDF *of X is*

$$F_X(x) = \sum_{x_i \in S_X} P_X(x_i) u(x - x_i).$$

And the PDF *can be defined with $\delta(x)$ as*

$$f_X(x) = \sum_{x_i \in S_X} P_X(x_i) \delta(x - x_i).$$

Then the Expectation *will be*

$$\begin{aligned} \mathbb{E}[X] &= \int_{-\infty}^{\infty} x \sum_{x_i \in S_X} P_X(x_i) \delta(x - x_i) \, \mathrm{d}\, x \\ \mathbb{E}[X] &= \sum_{x_i \in S_X} \int_{-\infty}^{\infty} x P_X(x_i) \delta(x - x_i) \, \mathrm{d}\, x \\ &= \sum_{x_i \in S_X} x_i P_X(x_i) \end{aligned}$$

Theorem 4.21. *For a random variable X (not specified whether it is discrete or continuous), we have*

$$\begin{aligned} q &= \mathbb{P}(X = x_0) && \textit{(General expression)} \\ &= P_X(x_0) && \textit{(PMF)} \\ &= F_X(x_0^+) - F_X(x_0^-) && \textit{(CDF)} \\ &= f_X(x_0) = q\delta(0). && \textit{(PDF \& delta function)} \end{aligned}$$

Theorem 4.22. *X is a **mixed** random variable if and only if $f_X(x)$ contains both impulses and nonzero, finite values.*

Chapter 5

Multiple Random Variables

5.1 Joint CDF

Definition 5.1 (Joint CDF)**.** The joint CDF of random variables X and Y is

$$F_{X,Y}(x, y) = \mathbb{P}(X \le x, Y \le y).$$

The joint CDF is a **complete** probability model for any pair of random variables X and Y.

Theorem 5.2. *For any pair of random variables, X and Y, the following properties hold:*

(a) $0 \le F_{X,Y}(x, y) \le 1$,

(b) $F_{X,Y}(\infty, \infty) = 1$,

(c) $F_{X,Y}(-\infty, y) = F_{X,Y}(x, -\infty) = 0$,

(d) $F_X(x) = F_{X,Y}(x, \infty)$ *and* $F_Y(y) = F_{X,Y}(\infty, y)$,

(e) $F_{X,Y}(x, y)$ *is non-decreasing in x and y.*

5.2 Joint PMF

Definition 5.3 (Joint PMF)**.** The joint PMF of random variables X and Y is

$$P_{X,Y}(x, y) = \mathbb{P}(X = x, Y = y).$$

The joint PMF is a **complete** probability model for any pair of discrete random variables X and Y.

Theorem 5.4. *For discrete random variables X and Y and any set B in the X, Y plane, the probability of the event is*

$$\mathbb{P}([B]) = \sum_{(x,y)\in B} P_{X,Y}(x, y).$$

Apparently, the joint PMF is non-negative and sums to one.

$$\sum_{x\in S_X} \sum_{y\in S_Y} P_{X,Y}(x, y) = 1.$$

5.3 Marginal PMF

Theorem 5.5. *For discrete random variables X and Y with joint PMF $P_{X,Y}(x, y)$,*

$$P_X(x) = \sum_{y\in S_Y} P_{X,Y}(x, y), \qquad P_Y(y) = \sum_{x\in S_X} P_{X,Y}(x, y).$$

For discrete random variables, the marginal PMF $P_X(x)$ and $P_Y(y)$ are probability models for the individual random variables X and Y, but they only provide an **incomplete** probability model for the pair of random variables X and Y.

5.4 Joint PDF

Definition 5.6 (Joint PDF)**.** The joint CDF of continuous random variables X and Y is a function $f_{X,Y}(x, y)$ with the property

$$F_{X,Y}(x,y) = \int_{-\infty}^{x} \int_{-\infty}^{y} f_{X,Y}(u,v) \, \mathrm{d}\, u \, \mathrm{d}\, v.$$

Apparently, we can then derive the joint PDF as follows,

$$f_{X,Y}(x,y) = \frac{\partial^2}{\partial x \partial y} F_{X,Y}(x,y).$$

The joint PDF is a **complete** probability model for any pair of continuous random variables X and Y.

Theorem 5.7. *The probability that the continuous random variables* (X, Y) *are in* A

$$\mathbb{P}([A]) = \iint_A f_{X,Y}(x,y) \, \mathrm{d}\, x \, \mathrm{d}\, y.$$

The joint PDF is non-negative and integrates to one.

$$\int_{-\infty}^{\infty} \int_{-\infty}^{\infty} f_{X,Y}(x,y) \, \mathrm{d}\, x \, \mathrm{d}\, y = 1.$$

5.5 Marginal PDF

Theorem 5.8. *For continuous random variables* X *and* Y *with joint PDF* $f_{X,Y}(x, y)$*,*

$$f_X(x) = \int_{-\infty}^{\infty} f_{X,Y}(x,y) \, \mathrm{d}\, y, \qquad f_Y(y) = \int_{-\infty}^{\infty} f_{X,Y}(x,y) \, \mathrm{d}\, x.$$

For continuous random variables, the marginal PDFs $f_X(x)$ and $f_Y(y)$ are probability models for the individual random variables X and Y, but they only provide an **incomplete** probability model for the pair of random variables X and Y.

5.6 Independent Random Variables

Definition 5.9 (Independent Random Variables)**.** Random variables X and Y are independent if and only if

$$P_{X,Y}(x,y) = P_X(x)P_Y(y); \tag{Discrete}$$
$$f_{X,Y}(x,y) = f_X(x)f_Y(y). \tag{Continuous}$$

It's easy to show that if X and Y are independent, then

$$F_{X,Y}(x,y) = \mathbb{P}(X \leq x, Y \leq y) = \mathbb{P}(X \leq x)\mathbb{P}(Y \leq y) = F_X(x)F_Y(y).$$

5.7 Expected Value of a Function of Two Random Variables

Theorem 5.10 (Expected Value of a Function of Two Random Variables)**.** *The expected value of a function* $g(X, Y)$ *of two random variables* X *and* Y *is*

$$\mathbb{E}[g(X,Y)] = \sum_{x \in S_X} \sum_{y \in S_Y} g(x,y) P_{X,Y}(x,y); \tag{Discrete}$$
$$\mathbb{E}[g(X,Y)] = \int_{-\infty}^{\infty} \int_{-\infty}^{\infty} g(x,y) f_{X,Y}(x,y) \, \mathrm{d}\, x \, \mathrm{d}\, y. \tag{Continuous}$$

Theorem 5.11.

$$\mathbb{E}\left[\sum_{i=1}^{n} a_i g_i(X,Y)\right] = \sum_{i=1}^{n} a_i \mathbb{E}[g_i(X,Y)].$$

Theorem 5.12. *For **any** two random variables* X *and* Y*,*

$$\mathbb{E}[aX + bY] = a\mathbb{E}[X] + b\mathbb{E}[Y].$$

5.8 Covariance, Correlation and Independent

Definition 5.13 (Covariance)**.** The covariance of two random variables X and Y is

$$\sigma_{xy} = \mathrm{Cov}[X, Y] = \mathbb{E}[(X - \mathbb{E}[X])(Y - \mathbb{E}[Y])] = \mathbb{E}[XY] - \mathbb{E}[X]\mathbb{E}[Y].$$

Theorem 5.14. *The variance of the sum of two random variables is*

$$\mathrm{Var}[aX + bY] = a^2 \,\mathrm{Var}[X] + b^2 \,\mathrm{Var}[Y] + 2ab \,\mathrm{Cov}[X, Y].$$

Definition 5.15 (Correlation Coefficient)**.** The correlation coefficient of two random variables X and Y is

$$\rho_{xy} = \mathrm{Corr}[X, Y] = \frac{\mathrm{Cov}[X, Y]}{\sqrt{\mathrm{Var}[X]\,\mathrm{Var}[Y]}} = \frac{\sigma_{xy}}{\sigma_x \sigma_y}.$$

Note: In some definition of correlation coefficient, ρ_{xy} is defined as $\rho_{xy} = \sigma_{xy}$ (e.g. , in stochastic analysis where state space is unit free).

Theorem 5.16.

$$-1 \le \rho_{xy} \le 1.$$

Theorem 5.17. *If X and Y are independent, then*

(a) $\mathbb{E}[XY] = \mathbb{E}[X]\mathbb{E}[Y]$,

(b) $\mathrm{Cov}[X, Y] = 0$,

(c) $\mathrm{Var}[aX + bY] = a^2 \,\mathrm{Var}[X] + b^2 \,\mathrm{Var}[Y]$.