# FE8828 Programming Web Applications in Finance

Week 2: 1. R Programming/2 2. R Shiny/2: Building a web app 3. dplyr/1: Data Manipulation

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- 1 Lecture 5: Shiny/2: R Web Framework
- 2 Lecture 6: Data Manipulation and EDA (Exploratory Data Analysis)/1

# **Object**

#### S3 Object System in R

```
# Object
# Define class with attributes.
vanilla option <- setClass("vanilla option",</pre>
                            slots = c(type = "character",
                                      strike = "numeric",
                                      underlying = "numeric"))
# Create object, either way
opt1 <- new("vanilla_option", type = "c", strike = 100, underlying =
opt2 <- vanilla_option(type = "c", strike = 100, underlying = 100)
# Use @ to visit member. or,
opt1@type
## [1] "c"
slot(opt1, "strike")
## [1] 100
```

### Work with objects

```
# Generate a vector of options
opts <- sapply(1:10000, function(x) {
                          vanilla_option(type = sample(c("c", "p"),
                                          strike = round(runif(1) *
                                          underlying = round(runif(1)
# install.packages("fOptions")
library(fOptions)
start <- Sys.time()</pre>
# GBSOption also returns an object. We just need its price attribut
res1 <- sapply(opts, function(o) {
  obj <- GBSOption(octype, ocunderlying, ocstrike, Time = 1,
             r = 0.01, b = 0, sigma = 0.3)
  obj@price
})
cat(as.numeric(Sys.time() - start))
## 14.50904
head(res1, n = 4)
## [1] 0.3837668 5.7844016 0.0000000 31.8493122
```

#### Read/Write data

```
# set working directory
setwd("C:/TEMP")
# Save this_is_var1 to a file
saveRDS(this_is_var1, file = "C:/TEMP/DATA/data.Rds")
# Load a variable from a file. `new_loaded` is the name given to it
new_loaded <- readRDS(file = "C:/TEMP/DATA/data.Rds")</pre>
```

- On Windows, use double slashes \\ or single backslash /.
   e.g. C:\\TEMP\\DATA, C:/TEMP/DATA
- On Mac, use backslash /Users/.../

#### Exercise 1: Fastest Fish Problem

We have ten fishes releases in a very long lane at fixed time interval. They swim at different speed. The fish surpassing the previous fish would eat it. How many fishes would survive on average?

```
## Warning in text.default(res$queue[i], i, paste0("<U+2653> ", i),
## "skyblue3", : conversion failure on 'â" 1' in 'mbcsToSbcs': dot :
## <e2>
## Warning in text.default(res$queue[i], i, paste0("<U+2653> ", i),
## "skyblue3", : conversion failure on 'â" 1' in 'mbcsToSbcs': dot :
## <99>
## Warning in text.default(res$queue[i], i, paste0("<U+2653> ", i),
## "skyblue3", : conversion failure on 'â" 1' in 'mbcsToSbcs': dot :
## <93>
## Warning in text.default(res$queue[i], i, paste0("<U+2653> ", i),
## "skyblue3", : font metrics unknown for Unicode character U+2653
## Warning in text.default(res$queue[i], i, paste0("<U+2653> ", i),
## "skyblue3", : conversion failure on 'â" 2' in 'mbcsToSbcs': dot :
## <e2>
## Warning in text.default(res$queue[i], i, paste0("<U+2653> ", i),
## "skyblue3", : conversion failure on 'â" 2' in 'mbcsToSbcs': dot :
```

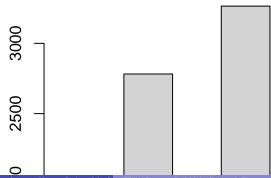
Sep 24, 2020

# Histogram of Fishes Alive

## res\_sim: 2.9425

## res\_ana: 2.92896825396825

# Histogran



#### Exercise 2: How far to make a choice?

- Secretary Problem (https://en.wikipedia.org/wiki/Secretary\_problem)
- If we have 100 secretaries ranked from best to worst, coming to interview at random order, what's the probability that our picked is the best in the group?
- Our selection strategy, use a small group to establish our selection criteria, for the subsequent ones, we pick the first that's better than our selection criteria. What's the split?

Step 1: make\_choice <- function(N, split\_number)</pre>

- Generate a list input\_list of N long with integer 1 to N at random position
- Split the list input\_list into two: evaluation group and selection group.
- Remember the best number from evaluation group and match the first number in selection group, >= than best. Return it.

Run this function for a few (hundred) times and find the probability of getting N.

Step 2: find\_optimal(), calls Step 1 a few (hundred) times for each of the split number from 1 to N/2. So we can find the optimal value for the split for the N.

Hint: Find the solution for N = 3, and N = 10, then move on to N = 100.

## Section 1

Lecture 5: Shiny/2: R Web Framework

#### **Minimalist**

```
library(shiny)
ui <- fluidPage("Hello World")
server <- function(input, output, session) { }
shinyApp(ui = ui, server = server)</pre>
```

# Think around Input and Outputs

```
ui <- fluidPage(
  titlePanel("Hello World with a Histogram"),
# Input() functions
  numericInput("num", "Number of Sample", value = 30),
# Output() functions
  plotOutput("hist")
)</pre>
```

## Input

All input function follow such function signature except for input-specific parameters.

```
inputXXX(inputId = "input name", label = "label to display", ...)
```

- numericInput
- textInput
- passwordInput
- slideInput
- selectInput
- dateInput

Reference: https://shiny.rstudio.com/reference/shiny/1.1.0/

## Output

All output functions follow such pattern.

```
yyyOutput(outputId = "output name")
```

- textOutput("text")
- verbatimTextOutput("text\_orignal")
- tableOutput("t1")
- dataTableOutput("t2")
- plotOutput(outputId = "hist", width = "400px", height =
   "400px")
- uiOutput("uiX")

For plotOutput, I suggest to set width and height to fixed size so we need extra parameters. For other kinds of outputs, only outputId is good enough.

#### Server

#### Sever is to fill the content of output

```
server <- function(input, output, session) {
    # Enable either one of two
    output$hist <- renderPlot({ hist(rnorm(100)) })

if (FALSE) {
    output$hist <- renderPlot({
        title("a normal random number histogram")
        hist(rnorm(input$num))
    })
    }
}</pre>
```

## shinyApp = UI + Server

- UI and Server combine to be a ShinyApp.
- UI is to run the same for each browser/client.
- Server is separate between different users.

shinyApp(ui, server)

# Reactivity Kicks In

- Reactivity: input\$num ----> output\$p1
- Reactivity links input to the output like a data flow.

Reactive values work together with reactive functions.

- Reactive function responds. input\$x => output\$y
- Reactive value notifies. input\$x => expression() => output\$y

# Reactivity - 1

Reactivity is enabled by placing input inputXXX inside renderXXX function. (shiny-21.R)

```
library(shiny)
ui <- fluidPage(
 numericInput("num", "Num", 100),
  # numericInput("mean", "Mean", 5),
  # numericInput("sd", "SD", 3),
  numericInput("lambda", "Lambda", 1),
 plotOutput("p1")
server <- function(input, output, session) {</pre>
  output$p1 <- renderPlot({</pre>
    # hist(rnorm(input$num, mean = input$mean, sd = input$sd))
    hist(rpois(n = input$num, lambda = input$lambda))
 })
```

## Reactivity - 2

- Button represents a manual trigger of the action.
- We use observeEvent to observe button action, and isolate to cut down the link of inputXXX in renderXXX, so button can work.
- If we remove isolate? (shiny-22.R)

```
library(shiny)
ui <- fluidPage(
  numericInput("num", "Num", 10),
  actionButton("go", "Go"),
  plotOutput("p1")
server <- function(input, output, session) {</pre>
  observeEvent(input$go, {
    output$p1 <- renderPlot({</pre>
      # hist(rnorm(isolate(input$num)))
      # To make code in good clarity, I re-write above one line into
      # with additional variable input num to hold the value from in
      input num <- isolate(input$num)</pre>
      higt (rnorm (innut num))
```

## Reactivity - 3

We can add a reactiveValue with eventReactive. (shiny-23.R)

```
library(shiny)
ui <- fluidPage(
 numericInput("num", "Num", 10),
  actionButton("go", "Go"),
 plotOutput("p1")
server <- function(input, output, session) {</pre>
 data <- eventReactive(input$go, {
    hist(rnorm(input$num))
  })
  # Variable data becomes a reactive variable.
  # What changes to it will trigger the output.
  output$p1 <- renderPlot({ data() })</pre>
}
shinyApp(ui, server)
```

## Output

#### For tableOutput

```
output$t1 <- renderTable(iris)

output$t1 <- renderTable({
   some input..
   output is a data frame.
})</pre>
```

#### For dataTableOutput (Dynamic table)

```
output$t2 <- renderDataTable(iris)</pre>
```

#### For plotOutput

```
output$p2 <- renderPlot({ plot(runif(1000), runif(1000)) })</pre>
```

#### For textOutput and verbatimTextOutput

```
output$t3 <- renderText({ "foo" })
output$t4 <- renderPrint({
  print("foo")
  print("bar")</pre>
```

## Example: (Shiny-24.R)

```
library(shiny)
library(DT)
ui <- fluidPage(
  h3("t1"),
  tableOutput("t1"),
  hr(),
  fluidRow(
    column(9, h3("dt1"),
           dataTableOutput("dt1")),
    column(3, h3("x4"),
           verbatimTextOutput("x4"))),
  hr(),
  fluidRow(
    column(8, h3("dt2"),
           dataTableOutput("dt2")),
    column(4, h3("p5"),
              plotOutput("p5")))
```

# **Debug Shiny**

- Debug in R Studio
- Clear all variable to run Shiny in R Studio
- debugSource, if you use other source code

## **Shiny Summary**

- · Reactive is about wiring input and output
- Connect from receiver: plot/tabulate for data
- Connect from trigger: button, isolate to create a Chinese wall

## **Shiny Assignment**

For Shiny-24.R, add a selectInput for different color names, returned from colors().

- Create a Bond Schedule
- Inputs: start date, tenor, coupon rate, coupon frequency, and yield to maturity.
- Output: coupon schedule (ignore public holidays), amount in table and plot. NPV

$$NPV = \frac{Cashflow1}{(1+yield)^1} + \frac{Cashflow2}{(1+yield)^2} + \dots + \frac{LastCashflow}{(1+yield)^n}$$

For a Bond with fixed coupon

$$BondPrice = Coupon* \frac{1 - (\frac{1}{(1 + yield)^n})}{yield} + \left[ MaturityValue* \frac{1}{(1 + yield)^n} \right]$$

#### Section 2

# Lecture 6: Data Manipulation and EDA (Exploratory Data Analysis)/1

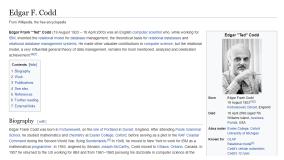
## **Tidyverse**

#### install.packages("tidyverse")



## SQL

- It was invented by Edgar Codd
- It first appeared in 1974, which is 46 years ago.



## CRUD: Create | Read | Update | Delete

Data engineering was born around 70s with SQL.



## **SQL** does CRUD

```
# Select everything from Shops.
SELECT * FROM Shops;
# Select with a filter
SELECT * FROM Shops WHERE size = "Big";
# Select with a filter and order
SELECT * FROM Shops WHERE size = "Big" ORDER BY Name;
# Select with a filter, order, group and summary function `sum`
SELECT Region, sum(Sales) FROM Shops WHERE size = "Medium" GROUP BY
# Insert a new record to Shops.
INSERT into Shops (Name, Region, Sales) VALUES ("Costco", "North",
# Update a field
UPDATE Shops SET Sales = Sales + 1000 WHERE Name = "Costco";
# Delete from Shops with a filter
DELETE from Shops WHERE Sales < 1000
```

#### Data frame does CRUD

```
df \leftarrow data.frame(a = 1:10, b = 10:1)
# Select (aka Filter)
df[which(df$a == 3 | df$b == 3), , drop = T]
df[match(3, df$a), , drop = T]
df[, match("b", colnames(df)), drop = T]
# Insert
rbind(df, df)
# Delete
df[-(which(df$a == 3 | df$b == 3)), , drop = T]
# Update
df[which(df$a == 3 | df$b == 3), 2] <- 3
```

## dplyr

dplyr package from tidyverse is a high-performance package to manipulate data in data frame.

Use dplyr::lag and dplyr::filter when it doesn't work.

# How dplyr works

dplyr provides functions in "verbs", which is functions that does one thing only. We will learn to use the following.

#### Key

- select: return a subset of the columns of a data frame
- filter: extract a subset of rows based on logical conditions
- arrange: reorder rows
- rename: rename variables
- mutate: add new variables/columns or transform existing variables

#### Group

- group\_by / rowwise / ungroup: stratify the data
- summarise / summarize: generate summary statistics of different variables in the data frame, possibly within strata
- do: process data within the strata

#### Combine

- left\_join / right\_join / anti\_join / full\_join
- bind\_rows / bind\_cols
- Helpers
  - %>%: the "pipe" operator is used to connect multiple verb actions together into a pipeline
  - ▶ ifelse / case\_when
- ► lag/distinct
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## Sample dataset

A data-driven approach to predict the success of telemarketing Author: Sérgio Moroa; Paulo Cortezb; Paulo Ritaa <a href="http://dx.doi.org/10.1016/j.dss.2014.03.001">http://dx.doi.org/10.1016/j.dss.2014.03.001</a>

I chose this data set of a Portuguese retail bank clients profile.

 Real data collected from a Portuguese retailbank, from May 2008 to June 2013, in a total of 52,944 phone contacts.



# Sample dataset columns (also called variable, field or feature)

- Personal profile
- 1 age (numeric)
- 2 job: type of job (categorical: "admin.", "unknown", "unemployed", "management", "housemaid", "entrepreneur", "stud "blue-collar", "self-employed", "retired", "technician", "services")
- 3 marital: marital status (categorical: "married", "divorced", "single"; note: "divorced" means divorced or widowed)
- 4 education (categorical: "unknown", "secondary", "primary", "tertiary")
- 5 default: has credit in default? (binary: "yes", "no")
- 6 balance: average yearly balance, in euros (numeric)
- 7 housing: has housing loan? (binary: "yes", "no")
- 8 loan: has personal loan? (binary: "yes", "no")
- Related with the last contact of the current campaign:

#### Read data

Use RStudio's File -> Import Dataset, you may choose either "From Text (base)" or "From Text (readr)". Either way loads the data.

base comes with R. readr is a package from tidy verse that provides more options and functionality. Copy the generated code to your script file.

I place it at https://goo.gl/PBQnBt (for direct use), https://goo.gl/fFQAAm (for Download).

You may download it and save it to local.

#### select

select(df, ...), ... can be

- variable name
- numeric to indicate nth column (- means exclude)
- a range
- a function

## select - Examples

```
subset <- select(bank, marital)
subset <- select(bank, 1)
subset <- select(bank, -1)
subset <- select(bank, -job)
subset <- select(bank, -(job:education))
subset <- select(bank, starts_with("p"))
subset <- select(bank, ends_with("p"))
subset <- select(bank, contains("p"))</pre>
```

## select as a re-arrangement of columns.

```
job_first <- select(bank, job, everything())</pre>
```

#### filter

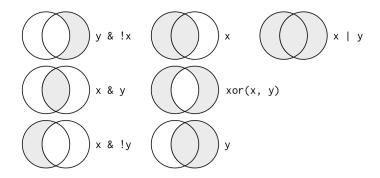
colnames(bank)

```
## [1] "age" "job" "marital" "education" "default"
## [7] "housing" "loan" "contact" "day" "month"
## [13] "campaign" "pdays" "previous" "poutcome" "y"

young <- dplyr::filter(bank, age < 40)
another_young <- dplyr::filter(bank, age < 20 & marital == "married"
just_young <- dplyr::filter(bank, age < 20 & marital == "single")

young2 <- dplyr::filter(bank, age >= 20 & age < 30)
another_young2 <- dplyr::filter(bank, age >= 20 & age < 30 & marital
just_young2 <- dplyr::filter(bank, age >= 20 & age < 30 & marital ==</pre>
```

# filter - logic operators



## filter - string operations

```
# %in% to match multiple
second_upper <- dplyr::filter(bank, education %in% c("tertiary", "se
# filter out NA value.
no_na <- dplyr::filter(bank, !is.na(balance) & balance > 0)
```

## **Exercise**

- How many bank client have a loan while doesn't have a housing?
- How many bank client have a job between 20 to 40?

#### rename

```
# rename(new name = old)
# Use tick to quote special strings.
df <- rename(bank, young_age = age)
df <- rename(bank, `Age in Bank` = age)</pre>
```

### arrange

```
# arrange is sort
arrange(bank, job)
arrange(bank, default, job)

# descending for day
arrange(bank, desc(day))
arrange(bank, desc(as.Date(day, format="%d", origin = Sys.Date())))
```

NB: Missing values are always sorted at the end.

### Exercise

• How could you use arrange() to sort all missing values to the start? (Hint: use is.na()).

```
arrange(bank, !is.na(a), a)
```

- Find the longest duration?
- Find the eldest?

```
mutate
# Replace existing
# ifelse is to check condition.
df1 <- mutate(bank, y = ifelse(y == "yes", T, F))
# Add a new column.
df2 <- mutate(bank, duration_diff = duration - mean(duration, na.rm
# case_when is a function to deal multiple choices.
df2_age_group <- mutate(bank, age_group = case_when(
  age < 20 ~ "youth",
  age < 40 ~ "middle-age",
  age < 50 ~ "senior",
  TRUE ~ "happy"
))
df2 age group res <-
  group_by(df2_age_group, age_group) %>%
  summarise(mean age = mean(age)) %>%
  transmute(mean age diff = mean age - lag(mean age))
## `summarise()` ungrouping output (override with `.groups` argumen
```

#### mutate 2

```
firstup <- function(x) {
  substr(x, 1, 1) \leftarrow toupper(substr(x, 1, 1))
 Х
# month.abb is a built-in array of month names.
df3 <- mutate(bank, month name = factor(firstup(as.character(month))</pre>
# transmute would remove all other columns after mutation, only keep
df5 <- transmute(bank.
                   duration trend = duration - mean(duration, na.rm =
                   balance_trend = balance - mean(balance, na.rm = T)
```

## What you can do with mutate

- +, -, \*, /: ordinary arithmetic operator
- %/% (integer division) and %% (remainder), where x == y \* (x %/% y) + (x %% y)
- x / sum(x): compute the proportion of all things
- y mean(y): computes the difference from the mean.
- log2(), log(), log10():
- lead(), lag(): compute running differences (e.g. x lag(x)) or find when values change (x != lag(x)
- rolling sum, prod, min, max: cumsum(), cumprod(), cummin(), cummax(); and dplyr provides cummean()
- row\_number()/min\_rank()/ntile(,n)

```
y <- c(1, 2, 2, NA, 3, 4)
row_number(y)
## [1] 1 2 3 NA 4 5
min_rank(y)
## [1] 1 2 2 NA 4 5
ntile(y, 2)
## [1] 1 1 1 NA 2 2
```

## **Summary**

• We learned the key "verbs" from dplyr. Let's pick up the rest next week.

## Pipe: %>%

We may write such code.

```
df <- select(df, x)
df <- mutate(df, a = 1)
df <- rename(df, a = b)
df <- arrange(df, x)

# This is effectively,
arrange(rename(mutate(select(df, x), a = 1), a = b), x)

third(second(first(x)))</pre>
```

How about this?

```
df %>% select %>% mutate %>% rename %>% arrange
```

# %>% Benefits

%>% operator allows you to transform the flow from nesting to left-to-right fashion, i.e.

```
first(x) %>% second() %>% third()
x %>% first() %>% second() %>% third() # this could also do.
x %>% first(.) %>% second(.) %>% third(.) # . represents the input
```

#### What's the output of below?

```
c(1, 3, 7, 9) \%\% {
 print(.)
 mean(.)
} %>% { . * 3 } %>% {
 print(.)
 sample(round(., 0))
}
## [1] 1 3 7 9
## [1] 15
   [1] 9 14 5 3 4 8 10 15 1 12 2 7 11 6 13
```

## Work with Pipe

```
%>% ... %>%
# Feed the data for multiple processing
  v <- .
  cn <- colnames(v)
  v <- select(v, u, z)
  colnames(v) \leftarrow cn[1:3]
  v
# How to return multiple value
%>% {
  assign("new data", filter(., group == "1"), envir = parent.env(envir
  filter(., group == "2")
ጉ %>% ና
  select(., z < 0.4) \# on group 2
  select(new data, z > 0.4) # on group 1
```

# Code pattern with Pipe

```
df %>%
... %>%
... %>%
... %>%
  v <- .
  ggplot(data = v) +
    # full data is used here
    geom_line(data = v) +
    # partial data needs to be hightlighted.
    geom_line(data = filter(., some condition), color = "red")
```

# Use of Caution for Pipe (%>%)

#### Pros:

 We don't need to keep intermediate result, sames memory and also variable names.

#### Cons:

- Difficult to debug, to find something in the middle of the chain.
- Use { print(.); filter(., ...) } to print intermediate resuls.
- Separate the long pipes into shorter pipes, adding more intermediate variables.
- Your pipes are longer than (say) ten steps. In that case, create intermediate
  objects with meaningful names. That will make debugging easier, because you
  can more easily check the intermediate results, and it makes it easier to
  understand your code, because the variable names can help communicate
  intent.
- You have multiple inputs or outputs. If two or more objects being combined together, don't use the pipe.
- Pipes are fundamentally linear and expressing complex relationships with them will typically yield confusing code.

## **Environment**

Environment is where your data resides. Use local() to isolate.

```
# local stores the data wintin the boundary of {}
x < -3
local({
 print(x)
 x <- 1
  print(x)
})
## [1] 3
## [1] 1
print(x)
## [1] 3
# local stores the nearest environment
x < -3
 print(x)
  x < -1
  print(x)
```

## **Environment**

Use assign() to do space-jump.

```
# assign data to global environment
x < -1
pass_out_global <- function() {</pre>
  assign("x", 3, envir = .GlobalEnv)
}
# assign data to just one level up
pass_out <- function(env) {</pre>
  print(env)
  assign("x", 2, envir = env)
}
x < -1
pass out(environment())
## <environment: R GlobalEnv>
X
## [17 2
# assign data to pass it out of function
```