

STAT 583 Lecture 4

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Feb. 11th

- Midterm is scheduled at 6:50-8:50pm on March 3rd.
- TA: Youmeng Jiang
 - Office hours: 2:00-3:30pm every Monday.

Last time

- Parameter estimation for population mean μ and binomial parameter p
- CI for μ
 - Large n : z-interval
 - Small n : we need to assume the sample is normally distributed
 - when σ is unknown, use Student's t-distribution
 - when σ is known, use normal distribution
- CI for p
 - Large n : z-interval
- CI for $p_1 - p_2$, $\mu_X - \mu_Y$

Recap

- A general formula for CI of mean-based parameters. For a parameter θ , suppose we estimate it by $\hat{\theta}$ and $\hat{\theta}$ is approximated normal. Then a $(1 - \alpha)$ confidence interval for θ is

$$[\hat{\theta} - z_{\alpha/2} \cdot \widehat{\text{sd}}(\hat{\theta}), \quad \hat{\theta} + z_{\alpha/2} \cdot \widehat{\text{sd}}(\hat{\theta})]$$

where $\text{sd}(\hat{\theta})$ is the standard deviation of $\hat{\theta}$, and $\widehat{\text{sd}}(\hat{\theta})$ is the estimate of $\text{sd}(\hat{\theta})$.

- In the setting where the sample size is small and the observations are normally distributed, we replace $z_{\alpha/2}$ with $t_{\alpha/2, n-1}$.

Confidence intervals

- An approximate 95% confidence interval for the binomial parameter p is

$$\left[\hat{p} - 2\sqrt{\frac{\hat{p}(1 - \hat{p})}{n}}, \hat{p} + 2\sqrt{\frac{\hat{p}(1 - \hat{p})}{n}} \right]$$

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- A conservative 95% confidence interval for $p_1 - p_2$ is

$$\left[\hat{p}_1 - \hat{p}_2 - \sqrt{\frac{1}{n} + \frac{1}{m}}, \hat{p}_1 - \hat{p}_2 + \sqrt{\frac{1}{n} + \frac{1}{m}} \right].$$

Confidence intervals

- A $(1 - \alpha)$ confidence interval for μ is

$$\left[\bar{X} - t_{\alpha/2, n-1} \frac{s}{\sqrt{n}}, \quad \bar{X} + t_{\alpha/2, n-1} \frac{s}{\sqrt{n}} \right].$$

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- A $(1 - \alpha)$ confidence interval for $\mu_X - \mu_Y$ is

$$\left[\bar{X} - \bar{Y} - z_{\alpha/2} \sqrt{\frac{s_X^2}{n} + \frac{s_Y^2}{m}}, \quad \bar{X} - \bar{Y} + z_{\alpha/2} \sqrt{\frac{s_X^2}{n} + \frac{s_Y^2}{m}} \right].$$

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- A $(1 - \alpha)$ confidence interval for $\mu_X - \mu_Y$ is ($k = \min\{n, m\} - 1$)

$$\left[\bar{X} - \bar{Y} - t_{\alpha/2, k} \sqrt{\frac{s_X^2}{n} + \frac{s_Y^2}{m}}, \quad \bar{X} - \bar{Y} + t_{\alpha/2, k} \sqrt{\frac{s_X^2}{n} + \frac{s_Y^2}{m}} \right].$$

When the variances are the same

Assuming equal variances:

- We combine the information to create what is called a pooled estimate of the variance:

$$s_{pool}^2 = \frac{(n-1)s_X^2 + (m-1)s_Y^2}{n+m-2},$$

$$\text{where } s_X^2 = \frac{(X_1 - \bar{X})^2 + \dots + (X_n - \bar{X})^2}{n-1}, \quad s_Y^2 = \frac{(Y_1 - \bar{Y})^2 + \dots + (Y_m - \bar{Y})^2}{m-1}.$$

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$$[\bar{X} - \bar{Y} - t_{\alpha/2, k} \sqrt{\frac{s_p^2}{n} + \frac{s_p^2}{m}}, \bar{X} - \bar{Y} + t_{\alpha/2, k} \sqrt{\frac{s_p^2}{n} + \frac{s_p^2}{m}}],$$

where $k = n + m - 2$.

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- Sometimes it appears we have data from two samples with the further feature that there is a natural “pairing” of the data between the two samples.
- For example, suppose that the data consists on n brother-sister pairs, with blood pressures X_1, \dots, X_n for the n sisters and blood pressures Y_1, \dots, Y_n for their respective brothers.

CI for the difference between two means

Let's first consider the case where n is small.

- If X_1, X_2, \dots, X_n i.i.d. $\sim N(\mu_X, \sigma_X^2)$, Y_1, Y_2, \dots, Y_n i.i.d. $\sim N(\mu_Y, \sigma_Y^2)$. In the paired samples' case, it's not realistic to assume that $\{X_i\}$ and $\{Y_i\}$ are independent.

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- However, it's natural to assume $(X_1, Y_1), (X_2, Y_2), \dots, (X_n, Y_n)$ are n independent pairs.

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- We denote $D_i = X_i - Y_i$, then D_i i.i.d. $\sim N(\mu_X - \mu_Y, \sigma_D^2)$

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- We estimate $\mu_X - \mu_Y$ by $\bar{D} = \bar{X} - \bar{Y}$
- A $(1 - \alpha)$ confidence interval for $\mu_X - \mu_Y$ is

$$\left[\bar{D} - t_{\alpha/2, n-1} \frac{s_D}{\sqrt{n}}, \quad \bar{D} + t_{\alpha/2, n-1} \frac{s_D}{\sqrt{n}} \right],$$

$$\text{where } s_D = \sqrt{\frac{(D_1 - \bar{D})^2 + \dots + (D_n - \bar{D})^2}{n}}.$$

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where $s_D = \sqrt{\frac{(D_1 - \bar{D})^2 + \dots + (D_n - \bar{D})^2}{n}}$.

- If n is large, we can simply replace $t_{\alpha/2, n-1}$ with $z_{\alpha/2}$ and remove the normality assumptions.

Example

Suppose that we take the blood pressures of $n = 12$ women and their brothers, and get the following blood pressure reading:

Family	1	2	3	4	5	6	7	8	9	10	11	12
Sister	107	134	111	141	121	118	145	110	164	126	148	132
Brother	110	136	115	140	124	119	148	113	168	129	148	137

Construct the 95% CI for the difference of the mean blood pressure of men and women.

($s_{sister}^2 = 307$, $s_{brother}^2 = 299$, $s_{diff}^2 = 3$, $t_{0.025,11} = 2.306$, $t_{0.05,11} = 1.860$, $t_{0.025,12} = 2.262$, $t_{0.05,12} = 1.833$)

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Answer

Family	1	2	3	4	5	6	7	8	9	10	11	12
Difference	3	2	4	-1	3	1	3	3	4	3	0	5

• $\bar{D} = 2.5$, $s_D^2 = 3$, $t_{0.025,11} = 2.306$

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- $\bar{D} = 2.5$, $s_D^2 = 3$, $t_{0.025,11} = 2.306$
- $2.5 \pm 2.306 \cdot \frac{\sqrt{3}}{\sqrt{12}} = [1.35, 3.65]$.

Overview

- General confidence intervals construction based on pivotal quantities
- General confidence intervals construction based on maximum likelihood estimators

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 - Let $U = \frac{Y}{\theta}$, we have $f_U(u) = f_Y(u \cdot \theta) \cdot \frac{dy}{du} = \frac{1}{\theta} e^{-u} \cdot \theta = e^{-u}$ for $u > 0$, that is, $U \sim \text{Exp}(1)$

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 - Thus, we can use $U = \frac{Y}{\theta}$ as a pivotal quantity

Example

- We need to find two numbers a and b such that

$$\mathbb{P}(a \leq U \leq b) = 90\%$$

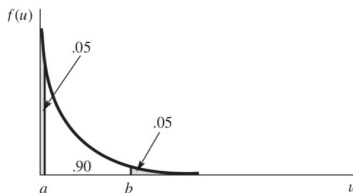
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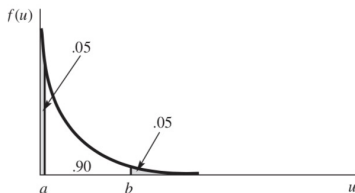
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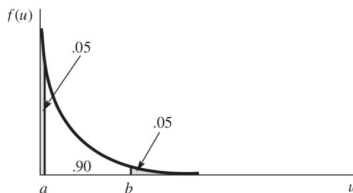
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- $1 - e^{-a} = .05$ and $e^{-b} = .05$, equivalently, $a = 0.051$, $b = 2.996$
- $0.9 = \mathbb{P}(0.051 \leq \frac{Y}{\theta} \leq 2.996) = \mathbb{P}(\frac{Y}{2.996} \leq \theta \leq \frac{Y}{0.051})$

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- Hint: If $X_i \sim \text{Exp}(\theta_i)$ then $\min\{X_1, \dots, X_n\} \sim \text{Exp}(\frac{1}{\frac{1}{\theta_1} + \dots + \frac{1}{\theta_n}})$.

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- $\frac{X_1}{\theta}, \dots, \frac{X_{10}}{\theta} \stackrel{i.i.d.}{\sim} \text{Exp}(1)$
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- Find a, b such that $\mathbb{P}(U < a) = 1 - e^{-10a} = .05$ and $\mathbb{P}(U > b) = e^{-10b} = .05$, equivalently, $a = 0.005$, $b = 0.300$

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- Find a, b such that $\mathbb{P}(U < a) = 1 - e^{-10a} = .05$ and $\mathbb{P}(U > b) = e^{-10b} = .05$, equivalently, $a = 0.005$, $b = 0.300$
- $0.9 = \mathbb{P}(0.005 < U < 0.300) = \mathbb{P}(0.005 < \frac{\min\{X_1, \dots, X_{10}\}}{\theta} < 0.300) = \mathbb{P}(\frac{\min\{X_1, \dots, X_{10}\}}{0.300} < \theta < \frac{\min\{X_1, \dots, X_{10}\}}{0.005})$

Example

Example

Suppose that we take a sample Y from a uniform distribution defined on the interval $[0, \theta]$, where θ is unknown. Find a 95% lower confidence bound for θ , that is, find $L(Y)$, such that $\mathbb{P}(\theta \geq L(Y)) = 0.95$.

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- $U \sim U(0, 1)$
- $\mathbb{P}(U < 0.95) = 0.95$

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Answer

- Consider $U = \frac{Y}{\theta}$
- $U \sim U(0, 1)$
- $\mathbb{P}(U < 0.95) = 0.95$
- $0.95 = \mathbb{P}(U < 0.95) = \mathbb{P}\left(\frac{Y}{\theta} < 0.95\right) = \mathbb{P}\left(\frac{Y}{0.95} \leq \theta\right)$

Example

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Let Y_1, \dots, Y_n denote a random sample of size n from $U(0, \theta)$. Let $Y_{(n)} = \max\{Y_1, Y_2, \dots, Y_n\}$. Find a 95% lower confidence bound for θ .

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- $\frac{Y_{(n)}}{(0.95)^{1/n}} = \frac{5.7}{(0.95)^{1/10}} = 5.73$

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- The 90% CI is [6.11, 24.55].

Maximum likelihood estimator

- Another general and important method to construct point estimation and confidence intervals are **maximum likelihood estimator (MLE)**

Likelihood function

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- By the i.i.d. assumption, we have

$$f(y_1, y_2, \dots, y_n | \theta) = \prod_{i=1}^n f(y_i | \theta)$$

Likelihood function

- We could also view $f(y_1, y_2, \dots, y_n | \theta)$ as a function of θ for a given data set y_1, \dots, y_n . In that case we write

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- Note: the joint density and likelihood function are the same function, but the first is treated as a function of the data, and the second as a function of the parameter θ .

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- Note 2: In many cases, it is easier to maximize $\log L(\theta)$ than to maximize $L(\theta)$ itself, since log is a strictly increasing function. We call $\log L(\theta)$ the **log likelihood**.

Maximum likelihood estimator

Often, the MLE is found by

- 1 Writing out the (log) likelihood as a function of the parameter (say, θ)
- 2 Taking the derivative with respect to θ
- 3 Setting the derivative equal to 0 and solving for $\hat{\theta}$
- 4 Checking that the second derivative is **negative** at $\hat{\theta}$ to ensure the solution is a maximum.

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- Hence, the MLE of p is actually the intuitive estimator for p that we used before

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Suppose that $Y_1, \dots, Y_n \stackrel{i.i.d.}{\sim} \text{Exp}(\theta)$. Find the MLE of θ .

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- Setting these derivatives equal to zero, we get $\mu = \frac{1}{n} \sum_{i=1}^n y_i$ and $\hat{\sigma}^2 = \frac{1}{n} \sum_{i=1}^n (y_i - \mu)^2$.

Properties of MLEs

- We are often interested in estimating a function of a parameter $g(\theta)$
- The **invariance property** of MLEs states that if $\hat{\theta}$ is a MLE of θ , and $g(\cdot)$ is any function, then $g(\hat{\theta})$ is a MLE of $g(\theta)$.

Example

Problem

Suppose that $Y_1, \dots, Y_n \stackrel{i.i.d.}{\sim} \text{Ber}(p)$. Find the MLE of $\text{Var}(\sum_{i=1}^n Y_i)$.

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- Intuitively, we would like our estimator to “get closer” to the target parameter as $n \rightarrow \infty$
- Definition: An estimator $\hat{\theta}_n$ is a **consistent** estimator of θ if, for any $\epsilon > 0$,

$$\lim_{n \rightarrow \infty} \mathbb{P}(|\hat{\theta}_n - \theta| \leq \epsilon) = 1,$$

also denote as $\hat{\theta}_n \xrightarrow{P} \theta$ (converge in probability).

Asymptotic properties of MLE

Theorem

If $Y_1, \dots, Y_n \stackrel{i.i.d.}{\sim} f_Y(y; \theta)$ and $\hat{\theta}$ is the MLE of θ , then assuming certain regularity conditions:

$$\hat{\theta}_n \xrightarrow{P} \theta \text{ as } n \rightarrow \infty.$$

$$\frac{\hat{\theta}_n - \theta}{\sigma_{\hat{\theta}}} \rightarrow N(0, 1),$$

where $\sigma_{\hat{\theta}}^2 = 1 / (n \mathbb{E}[-\frac{\partial^2 \log f(Y; \theta)}{\partial \theta^2}])$.

Remark: this implies that $\hat{\theta}$ is consistent and asymptotically normal. The term $n \mathbb{E}[-\frac{\partial^2 \log f(Y; \theta)}{\partial \theta^2}]$ is called **Fisher information**.

CI based on MLE

We can then obtain the following approximate large-sample $100(1 - \alpha)\%$ confidence interval for θ :

$$\hat{\theta}_n \pm z_{\alpha/2} \sqrt{1/(n\mathbb{E}[-\frac{\partial^2 \log f(Y; \theta)}{\partial \theta^2}])} \big|_{\theta=\hat{\theta}_n}.$$

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Summary

- General confidence intervals construction based on
 - pivotal quantities
 - MLE (likelihood function, Fisher information)

Homework

8.44, 8.102, 9.82 (b), 9.84 (a, d), 9.97 (b), 9.102