Problem 1:

x, y realan.

$$h_{\perp} = \chi(\chi. \omega_{\bullet})$$

$$h_2 = \chi(\omega_1.h_1)$$

 $6i\alpha s = 0$

$$h = 6(Z) = \frac{1}{1 + e^{-Z}}$$
 $y = \delta_{out}(z) = \overline{z}$

$$\frac{\partial h}{\partial z} = \mathcal{V}(z)(1-\mathcal{E}(z)) = h.(1-h)$$

$$\frac{\lambda h}{2 \times} = \chi(2)(1-\chi(2)) \Omega = \mu(1-\mu) \Omega$$

Gradient Prediction:

$$\frac{\partial y}{\partial \omega} \Rightarrow \frac{\partial w}{\partial \omega} = h_z \rightarrow \text{output layer 2. } K = 2$$

$$\frac{\partial \gamma}{\partial w_1} - \frac{\partial N}{\partial h_2} \cdot \frac{\partial h_2}{\partial w_2} = \omega_2 \cdot \frac{\partial h_2}{\partial w_1} = \omega_2 \cdot h_2 \cdot (1 - h_2) \cdot h_1$$

Outpots and weights of layer 2 and 1

outputs and sweights of luyer 2, 1 and 0.

Then gradient w.r.t w, only depends on outputs

and weights of $l \geq |k|$.

425-HW6

February 22, 2024

1 425 - ML Homework 6

1.1 Problem 1

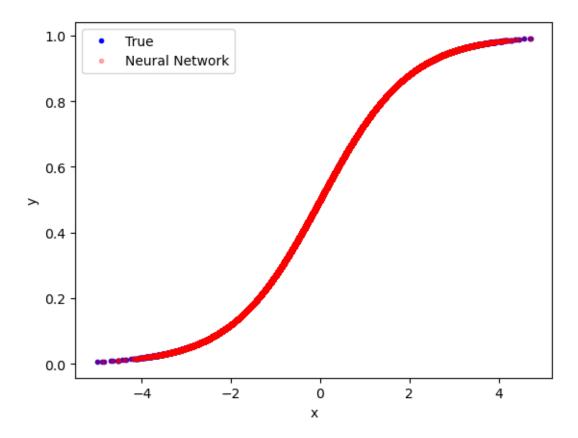
```
[]: import yfinance as yf
     import matplotlib.pyplot as plt
     import pandas as pd
     import numpy as np
     import datetime
     import io
     import datetime
     import matplotlib.lines as mlines
     import statsmodels.formula.api as smf
     import datetime
[]: import warnings
     warnings.filterwarnings('ignore')
[]: #Lets generate a standard normal distribution of 1000000 random numbers
     np.random.seed(0)
     x = np.random.normal(0, 1, 1000000)
[]: #our true generation functions is a sigmoid function
     def sigmoid(x):
        return 1/(1+np.exp(-x))
[]: y = sigmoid(x)
[]: #Lets fit a neural network of 1 layer with 1 neuron to this data. We minimize
     → the mean squared error using scipy.optimize.minimize
     #The bias is 0
     #Our neural network has one hidden layer and one output layer. The hidden layer_
     has one neuron and the output layer has one neuron.
     #The activation function is the sigmoid function for the hidden layer.
     #The activation function is the identity function for the output layer.
     #We define our neural network
     from scipy.optimize import minimize
```

```
def neural_network(x, w):
   #x is a vector of inputs
    #w is a vector of weights
   #bias is 0
   #this function returns the output of the neural network
   w1 = w[0]
   w2 = w[1]
   return sigmoid(w1*x)*w2
#We define our mean squared error function
def mean_squared_error(w, x, y):
   #w is a vector of weights
   #x is a vector of inputs
   #y is a vector of observed outputs
    #this function returns the mean squared error
   return np.mean((neural_network(x, w) - y)**2)
#We define our initial weights
w0 = np.array([0.5, 0.1])
#We minimize the mean squared error
res = minimize(mean_squared_error, w0, args=(x, y))
#We print the results
print(res.x)
print("Both weights are close to 1. This is because the sigmoid function is the ⊔
 ⇒same as the true generation function.")
```

[0.99998182 0.99999973]

Both weights are close to 1. This is because the sigmoid function is the same as the true generation function.

```
[]: #We plot our neural network
  plt.plot(x, y, 'b.', label = 'True')
  plt.plot(x, neural_network(x, res.x), 'r.', label = 'Neural Network', alpha=0.3)
  plt.xlabel('x')
  plt.ylabel('y')
  plt.legend()
  plt.show()
```



```
[]: #we print the mean squared error
print("The mean squared error is", mean_squared_error(res.x, x, y).round(16))

mse1 = mean_squared_error(res.x, x, y)
```

The mean squared error is 8.1664e-12

1.1.1 Lets add other layer

```
[]: #We add other hidden layers and analize the difference with the mean squared
werror of the previous model

#We define our neural network

def neural_network(x, w):
    #x is a vector of inputs
    #w is a vector of weights
    #bias is 0
    #this function returns the output of the neural network

w1 = w[0]
    w2 = w[1]
    w3 = w[2]
```

```
#We define our mean squared error function
def mean_squared_error_2(w, x, y):
    #w is a vector of weights
    #x is a vector of inputs
    #y is a vector of observed outputs
    #this function returns the mean squared error
    return np.mean((neural_network(x, w) - y)**2)

#We define our initial weights
w0 = np.array([0.5, 0.1, 0.4])

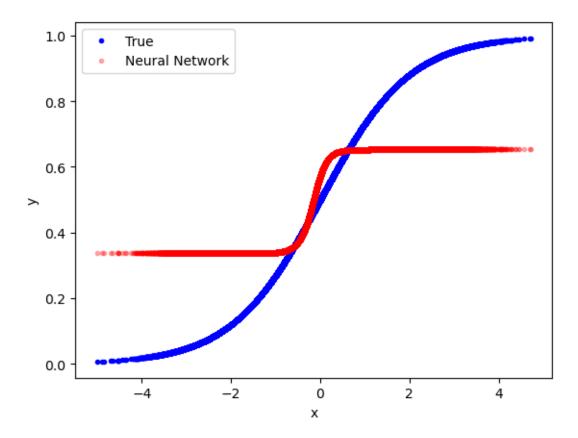
#We minimize the mean squared error
res = minimize(mean_squared_error_2, w0, args=(x, y))

#We print the results
print(res.x)
```

[5.59434753 3.46001322 0.67316047]

Weights are different from 1. The model is different from the real function.

```
[]: #We plot our neural network
plt.plot(x, y, 'b.', label = 'True')
plt.plot(x, neural_network(x, res.x), 'r.', label = 'Neural Network', alpha=0.3)
plt.xlabel('x')
plt.ylabel('y')
plt.legend()
plt.show()
```



```
[]: #we print the mean squared error
print("The mean squared error is", mean_squared_error_2(res.x, x, y).round(16))
mse2 = mean_squared_error_2(res.x, x, y)
```

The mean squared error is 0.0100756459492839

```
[]: #We compare the mean squared error of the two models

print("The mean squared error of the first model is", mse1.round(8))

print("The mean squared error of the second model is", mse2.round(8))

print("The model with the biggest mse is the second model. Our model with more

shidden layers has a bigger mse than the model with one hidden layer.")
```

The mean squared error of the first model is 0.0 The mean squared error of the second model is 0.01007565 The model with the biggest mse is the second model. Our model with more hidden layers has a bigger mse than the model with one hidden layer.

```
[]: print("The reason is that our first model already resembled the true generation ⊔ ⇒ process (the sigmoid function) very closely. Adding more hidden layers and ∪ ⇒ neurons to our neural network only made distort our forecast model. The ∪ ⇒ model with one hidden layer is the best model for this data.")
```

The reason is that our first model already resembled the true generation process

(the sigmoid function) very closely. Adding more hidden layers and neurons to our neural network only made distort our forecast model. The model with one hidden layer is the best model for this data.

1.2 Part 2

```
[]: #Lets read card_transdata.csv
     df = pd.read_csv('card_transdata-1.csv')
[]: #Lets select the first 500000 rows as training data, and the rest as test data
     train = df[:500000]
     test = df[500000:]
[]: #Lets separa x_train, y_train, x_test, y_test
     x_train = train.drop('fraud', axis=1)
     y_train = train['fraud']
     x_test = test.drop('fraud', axis=1)
     y_test = test['fraud']
[]: df
[]:
             distance_from_home distance_from_last_transaction \
                      57.877857
     0
                                                         0.311140
     1
                      10.829943
                                                         0.175592
                                                         0.805153
     2
                       5.091079
     3
                       2.247564
                                                         5.600044
     4
                      44.190936
                                                         0.566486
     999995
                       2.207101
                                                         0.112651
                      19.872726
                                                         2.683904
     999996
     999997
                       2.914857
                                                         1.472687
     999998
                       4.258729
                                                         0.242023
     999999
                      58.108125
                                                         0.318110
             ratio_to_median_purchase_price repeat_retailer used_chip \
     0
                                    1.945940
     1
                                    1.294219
                                                             1
                                                                        0
     2
                                    0.427715
                                                             1
                                                                        0
     3
                                    0.362663
                                                             1
                                                                        1
     4
                                    2.222767
                                                             1
     999995
                                    1.626798
                                                             1
                                                                        1
                                    2.778303
     999996
                                                             1
                                                                        1
     999997
                                    0.218075
                                                             1
                                                                        1
     999998
                                    0.475822
                                                             1
                                                                        0
     999999
                                    0.386920
                                                             1
                                                                        1
```

	used_pin_number	online_order	fraud
0	0	0	0
1	0	0	0
2	0	1	0
3	0	1	0
4	0	1	0
	•••		
999995	0	0	0
999996	0	0	0
999997	0	1	0
999998	0	1	0
999999	0	1	0

[1000000 rows x 8 columns]

```
[]: import torch
  from torch import nn
  from torch.utils.data import DataLoader, TensorDataset
  from torchvision import datasets
  from torchvision.transforms import ToTensor
  import torch.optim as optim
  torch.manual_seed(0)
```

[]: <torch._C.Generator at 0x26a6aaac290>

```
[]: device = torch.device('cuda' if torch.cuda.is_available() else 'cpu')
   if torch.cuda.is_available():
        torch.cuda.manual_seed_all(0)
   device
   torch.cuda.manual_seed_all(0)
```

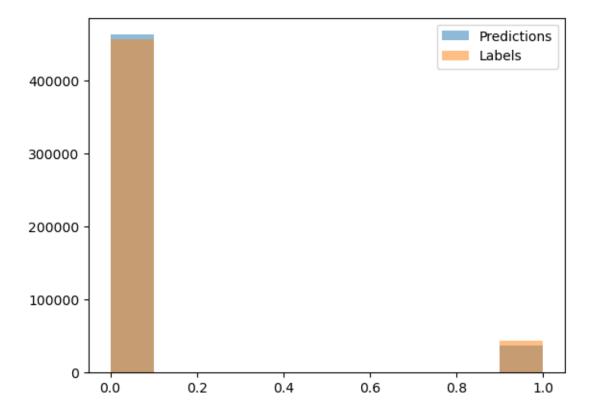
```
[]: # Define the model
     class NeuralNetwork(nn.Module):
         def __init__(self, input_size, hidden_size, output_size):
             #The \_init\_\_ method is called when the class is instantiated. It can_{\sqcup}
      ⇒be used to initialize the object's properties.
             #input_size is the number of neurons in the input layer
             #hidden_size is the number of neurons in the hidden layer
             #output_size is the number of neurons in the output layer
             super(NeuralNetwork, self).__init__() #super() function returns a<sub>□</sub>
      stemporary object of the superclass that allows access to all of its methods.
             #The __init__() method is called when the class is instantiated. It can__
      ⇒be used to initialize the object's properties.
             self.flatten = nn.Flatten() #flatten is used to convert the tensor to all
      →1D tensor. Might not need it because we already have a 1D tensor
             self.linear_relu_stack = nn.Sequential(
                 nn.Linear(input_size, hidden_size), #Applies a linear_
      \hookrightarrow transformation to the incoming data: y = xA^T + b
                 nn.ReLU(), #Applies the rectified linear unit function element-wise
                 nn.Linear(hidden_size, hidden_size), #Applies a linear_
      \hookrightarrow transformation to the incoming data: y = xA^T + b
                 nn.ReLU(), #Applies the rectified linear unit function element-wise
                 nn.Linear(hidden_size, output_size), #Applies a linear_
      \hookrightarrow transformation to the incoming data: y = xA^T + b
                # nn.Sigmoid() #Applies the sigmoid function element-wise
         def forward(self, x):
             x = self.flatten(x)
             out = self.linear_relu_stack(x)
             return out
[]: # Hyperparameters
     input_size = 7 # Number of features
     hidden_size = 128 # Number of neurons in the hidden layer
     output_size = 10# Number of possible outcomes (fraud or not fraud)
     learning_rate = 0.01 # Learning rate for the gradient descent algorithm
     epochs = 5 #Performance vs time tradeoff
[]: # Model, loss, and optimizer
     model = NeuralNetwork(input_size, hidden_size, output_size).to(device)
     loss fn = nn.CrossEntropyLoss() #This criterion combines nn.LogSoftmax() and nn.
      →NLLLoss() in one single class.
     optimizer = optim.SGD(model.parameters(), lr=learning_rate)
[]: #Training
     #I need to correct the epoch part. it should be out of the for loop, u
      →overwhelming loop and training
```

```
def train_loop(dataloader, model, loss_fn, optimizer):
         model.train() #Sets the module in training mode
         #The train_loop function is used to train the model
             #The train_loop function is used to train the model
         for batch, (X, y) in enumerate(dataloader):
                 #Here we iterate over the batches of the dataset.
             pred = model(X) #The model makes a prediction
             #pred = sigmoid(pred)
             loss = loss fn(pred, y) #The loss function calculates the loss
             optimizer.zero_grad() #The gradients are set to zero
             loss.backward() #The gradients are calculated
             optimizer.step() #The optimizer updates the model's parameters
             optimizer.zero_grad()
                 #if batch % 100 == 0: #We print the loss every 100 batches
                     #print(f"Epoch {epoch+1}, Batch {batch}, Loss: {loss.item()}")
                 #print(f'Epoch [{epoch+1}/{num_epochs}], Step [{i+1}/
      \rightarrow {len(train_loader)}], Loss: {loss.item():.4f}')
[]: from sklearn.metrics import f1_score, accuracy_score
     def test_loop(dataloader, model, loss_fn):
         #The test loop function is used to test the model
         model.eval() #The model is set to evaluation mode. This means that the
      →model is not updated during the testing phase.
         test_loss, correct, predictions, labels = 0, 0, [], []
         #We initialize the test loss, the number of correct predictions, the \Box
      ⇔predictions, and the labels
         with torch.no_grad(): #We do not need to calculate the gradients during the
      →testing phase
             for X, y in dataloader: #We iterate over the batches of the dataset
                 pred = model(X) #The model makes a prediction
                 test_loss += loss_fn(pred, y).item() #The loss function calculates_
      → the loss. Is the total sum of the loss of the batches
                 #squeeze() is used to remove the dimensions of size 1 from the
      ⇔shape of the tensor
                 pred_labels = pred.squeeze() # Assuming binary classification, we_
      ⇔round the predictions to 0 or 1
                 predictions.extend(pred_labels.tolist()) #We add the predictions to_u
      → the list of predictions
                 labels.extend(y.tolist()) #We add the labels to the list of labels
         predictions = np.argmax(predictions, axis=1) #We convert the predictions to_{\sqcup}
      →a numpy array
         labels = np.array(labels) #We convert the labels to a numpy array
```

```
f1 = f1_score(labels, predictions) #We calculate the F1 score
accuracy = accuracy_score(labels, predictions) #We calculate the accuracy
#print(f"Test Loss: {np.round(test_loss / len(dataloader),4)}, Accuracy:
-{np.round(accuracy*100,3)}%, F1 Score: {np.round(f1,3)}") #We print the test_
-{loss}, the accuracy, and the F1 score
#We divide the test loss by the number of batches to get the average test_
-{loss} by batch
return f1, accuracy, predictions, labels
```

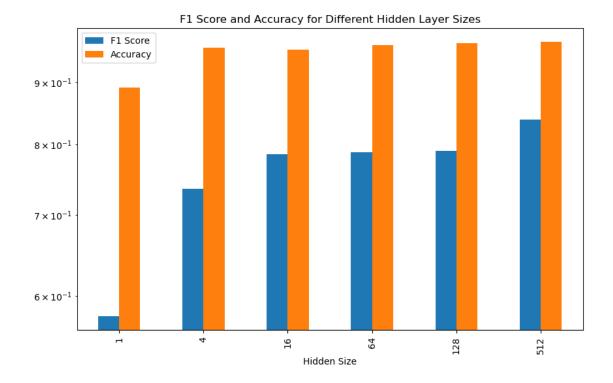
```
[]: #We now train the model
for epoch in range(epochs):
    train_loop(train_loader, model, loss_fn, optimizer)
    f1_1, acc, pred, lab = test_loop(test_loader, model, loss_fn)
```

```
[]: #We now test the model
plt.hist(pred, bins=10, alpha=0.5, label='Predictions')
plt.hist(lab, bins=10, alpha=0.5, label='Labels')
plt.legend()
plt.show()
```



```
[]: #Now, we see the results for different number of neurons in the hidden layer
    #I dont inted to do a deep neuron network, so I will test an aritmethic
     ⇒progression of neurons in the hidden layer
    hidden sizes = [1, 4, 16, 64, 128, 512]
    results = \Pi
    for hidden_size_1 in hidden_sizes:
        model = NeuralNetwork(input_size, hidden_size_1, output_size).to(device)
         optimizer = optim.SGD(model.parameters(), lr=learning_rate)
        for epoch in range(epochs):
            train_loop(train_loader, model, loss_fn, optimizer)
            f1_1, acc, pred, lab = test_loop(test_loader, model, loss_fn)
         #We store the results in a dataframe for comparison
        results.append([hidden_size_1, f1_1, acc])
        print(f"Hidden Size: {hidden_size_1}, F1 Score: {f1_1}, Accuracy: {acc}")
    Hidden Size: 1, F1 Score: 0.577488296988658, Accuracy: 0.89115
    Hidden Size: 4, F1 Score: 0.735336271938127, Accuracy: 0.960852
    Hidden Size: 16, F1 Score: 0.7856154910096819, Accuracy: 0.95691
    Hidden Size: 64, F1 Score: 0.7881693849918636, Accuracy: 0.965894
    Hidden Size: 128, F1 Score: 0.7899607671592416, Accuracy: 0.96927
    Hidden Size: 512, F1 Score: 0.8385206717612727, Accuracy: 0.971558
[]: #We plot the results
    results2 = pd.DataFrame(results, columns=['Hidden Size', 'F1 Score', |
     results2 = results2.set_index('Hidden Size')
    #For the plot, we change the scale to a logarithmic scale
    results2.plot(kind='bar', figsize=(10, 6),logy=True)
    plt.title('F1 Score and Accuracy for Different Hidden Layer Sizes')
```

[]: Text(0.5, 1.0, 'F1 Score and Accuracy for Different Hidden Layer Sizes')

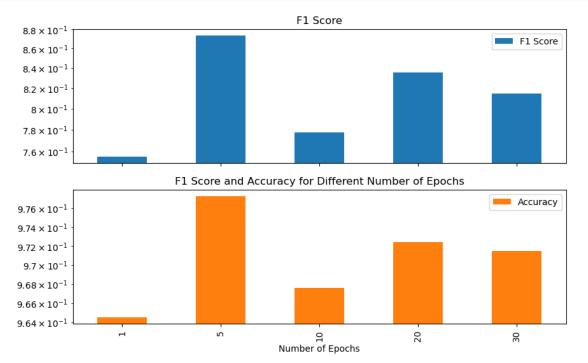


Changing the number of neurons per layer (hidden_size) in the example code, alters the model's capacity to learn from data. Increasing the number of neurons can enhance the model's ability to capture complex patterns, potentially improving accuracy on complex datasets. However, it also raises the risk of overfitting, especially with limited data, and increases computational cost. Conversely, reducing the number of neurons might lead to underfitting, where the model cannot capture the underlying structure of the data. Optimal neuron count often requires experimentation and validation.

```
#We do the same testing for number of epochs
#hidden_size = 64 # Number of neurons in the hidden layer
epochs_1 = [1, 5, 10, 20, 30]
results = []
for num_epochs in epochs_1:
    model = NeuralNetwork(input_size, hidden_size, output_size).to(device)
    optimizer = optim.SGD(model.parameters(), lr=learning_rate)
    for epoch in range(epochs):
        train_loop(train_loader, model, loss_fn, optimizer)
        f1_1, acc, pred, lab = test_loop(test_loader, model, loss_fn)
#We store the results in a dataframe for comparison
    results.append([num_epochs, f1_1, acc])
    print(f"Number of Epochs: {num_epochs}, F1 Score: {f1_1}, Accuracy: {acc}")
```

Number of Epochs: 1, F1 Score: 0.7549515206762244, Accuracy: 0.964516 Number of Epochs: 5, F1 Score: 0.8738503286364091, Accuracy: 0.977314 Number of Epochs: 10, F1 Score: 0.77773505095174, Accuracy: 0.967632

```
Number of Epochs: 20, F1 Score: 0.8357892732163688, Accuracy: 0.972408
Number of Epochs: 30, F1 Score: 0.8149033775617617, Accuracy: 0.971514
```



Increasing the number of epochs means the neural network will go through the training data more times, potentially improving model accuracy by better learning from the data. However, too many epochs can lead to overfitting, where the model learns noise in the training data, hurting its performance on new, unseen data.

```
[]: #We do the same testing for learning rate
    #epochs = 50
learning_rates = [0.001, 0.01, 0.1, 0.5]
results = []
for learning_rate_1 in learning_rates:
    model = NeuralNetwork(input_size, hidden_size, output_size).to(device)
    optimizer = optim.SGD(model.parameters(), lr=learning_rate_1)
    for epoch in range(epochs):
```

```
train_loop(train_loader, model, loss_fn, optimizer)

f1_1, acc, pred, lab = test_loop(test_loader, model, loss_fn)

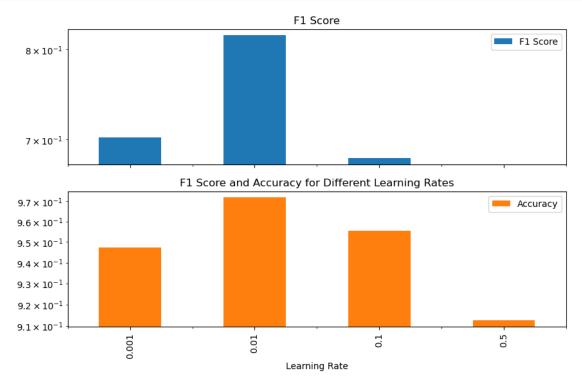
#We store the results in a dataframe for comparison

results.append([learning_rate_1, f1_1, acc])

print(f"Learning Rate: {learning_rate_1}, F1 Score: {f1_1}, Accuracy:

{acc}")
```

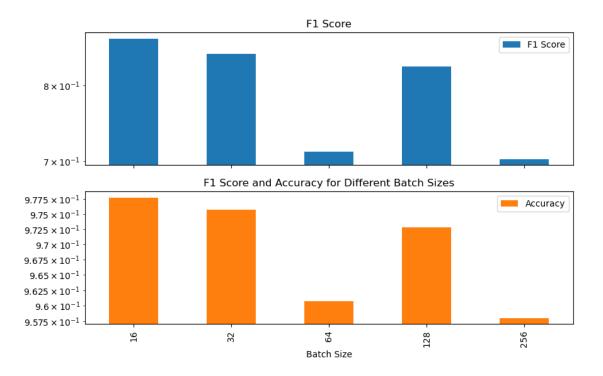
Learning Rate: 0.001, F1 Score: 0.7022880032588771, Accuracy: 0.94738 Learning Rate: 0.01, F1 Score: 0.8170313701468805, Accuracy: 0.971922 Learning Rate: 0.1, F1 Score: 0.6809819477980913, Accuracy: 0.955608 Learning Rate: 0.5, F1 Score: 0.0, Accuracy: 0.912528



Increasing the learning rate speeds up the adjustments made to the model's weights during training, which can lead to faster convergence. However, if the learning rate is too high, the model may overshoot the optimal solution, causing the training process to become

unstable and potentially diverge, leading to worse performance.

```
[]: #We do the same testing for batch size
     batch_sizes = [16, 32, 64, 128, 256]
     results = []
     for batch_size_1 in batch_sizes:
        train_loader = DataLoader(training_data, batch_size=batch_size_1,_
      ⇔shuffle=True)
        test_loader = DataLoader(test_data, batch_size=batch_size_1, shuffle=False)
        model = NeuralNetwork(input_size, hidden_size, output_size).to(device)
        optimizer = optim.SGD(model.parameters(), lr=learning_rate)
        for epoch in range(epochs):
             train_loop(train_loader, model, loss_fn, optimizer)
             f1_1, acc, pred, lab = test_loop(test_loader, model, loss_fn)
         #We store the results in a dataframe for comparison
        results.append([batch_size_1, f1_1, acc])
        print(f"Batch Size: {batch_size_1}, F1 Score: {f1_1}, Accuracy: {acc}")
    Batch Size: 16, F1 Score: 0.8692224672704237, Accuracy: 0.977704
    Batch Size: 32, F1 Score: 0.8454861551737266, Accuracy: 0.975648
    Batch Size: 64, F1 Score: 0.7115837157312626, Accuracy: 0.96078
    Batch Size: 128, F1 Score: 0.8272010762650557, Accuracy: 0.97277
    Batch Size: 256, F1 Score: 0.7024690308132778, Accuracy: 0.958016
[]: #We plot the results
     results5 = pd.DataFrame(results, columns=['Batch Size', 'F1 Score', 'Accuracy'])
     results5 = results5.set_index('Batch Size')
     results5.plot(kind='bar', subplots=True,logy=True, figsize=(10, 6))
     plt.title('F1 Score and Accuracy for Different Batch Sizes')
     plt.show()
```



Batch size refers to the number of training samples used in one iteration of model training. It determines how many samples the network sees before updating its weights. Smaller batch sizes can lead to faster convergence but with more noise in each update, potentially improving generalization. Larger batch sizes provide smoother gradient estimations, which can speed up training but require more memory and may result in less effective training outcomes due to fewer updates.

1.3 Choosing the optimal model

Optimizing model parameters involves balancing training accuracy against the risk of overfitting, while also considering computational resources and time. It's a strategic process of finding the right mix that yields a well-generalized model without excessive resource expenditure. In this homework, I present a preliminary analysis of how different parameters influence the model's performance. For a more advanced application, a comprehensive parameter tuning would be conducted to find the optimal combination that minimizes the loss function, aiming for the best possible model outcome. For now, i will use the best parameters obtained on this brief analysis.

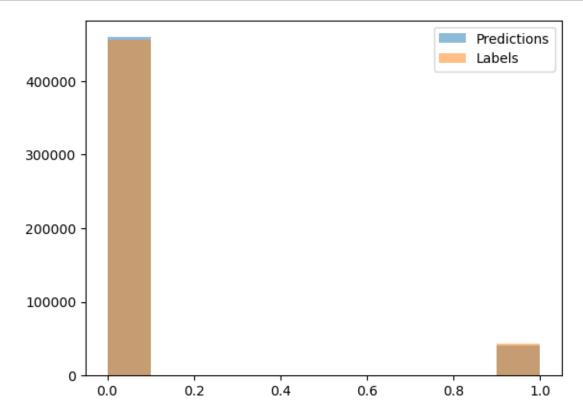
Best params: lr=0.01, hs=128, bs=100, ep=5

```
[]: for epoch in range(epochs):
    train_loop(train_loader, model, loss_fn, optimizer)
    f1_1, acc, pred, lab = test_loop(test_loader, model, loss_fn)

print(f'Best params F1 Score: {f1_1}, Accuracy: {acc}')
```

Best params F1 Score: 0.8695744857234217, Accuracy: 0.977974

```
[]: #We now test the model
plt.hist(pred, bins=10, alpha=0.5, label='Predictions')
plt.hist(lab, bins=10, alpha=0.5, label='Labels')
plt.legend()
plt.show()
```



In conclusion, while neural network models may require time to converge, their versatility allows for modeling both linear and non-linear relationships, potentially fitting nearly any type of data given enough tuning and time. For now, we cannot achieve the same good results as gomework 5, so **our model perform better with a simple decision tree**. Despite achieving high accuracy and F1 scores of around 0.99 in homework 5, suggesting little room for improvement, it's plausible that with further refinement and computational effort, neural networks could surpass these results, highlighting their potential for even greater performance.