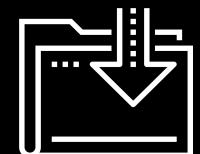
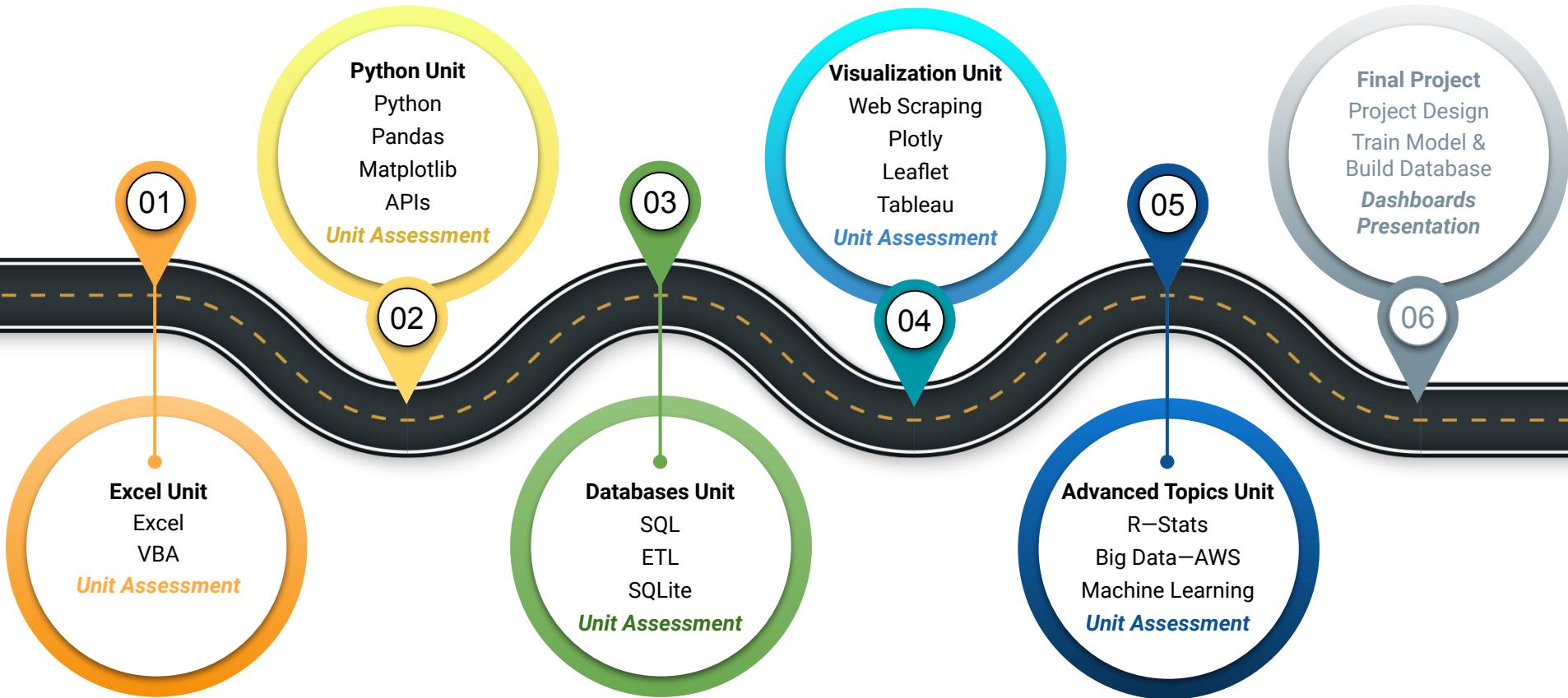


Introduction to Supervised Machine Learning

Data Boot Camp
Lesson 17.1



The Big Picture





Quick Tip for Success:

Now that we're nearing the end of the course, take some time to review the READMEs in your old assignments and make sure they're ready to be seen by potential hiring managers!

Module 17

This Week: Supervised Machine Learning

This Week: Supervised Machine Learning

By the end of this week, you'll know how to:

-  Explain how a machine learning algorithm is used in data analytics
-  Create training and test groups from a given data set
-  Implement the logistic regression, decision tree, and random forest algorithms and interpret their results
-  Compare the advantages and disadvantages of each supervised learning algorithm
-  Determine which supervised learning algorithm is best for a given dataset or scenario
-  Use ensemble and resampling techniques to improve model performance



This Week's Challenge

Using the skills learned throughout the week, you will evaluate three machine learning models using different algorithms to determine which is better at predicting credit risk.



Career Connection

How will you use this module's content in your career?

Module 17

How to Succeed This Week



Quick Tip for Success:

Machine Learning is a really exciting tool! Today, we'll build an understanding of the basics, so consider this a starting point for your future learning.

Module 17

Today's Agenda

Today's Agenda

By completing today's activities, you'll learn the following skills:

01

Creating a machine learning environment

02

Preparing, transforming, and splitting data, and fit a model to the data.

03

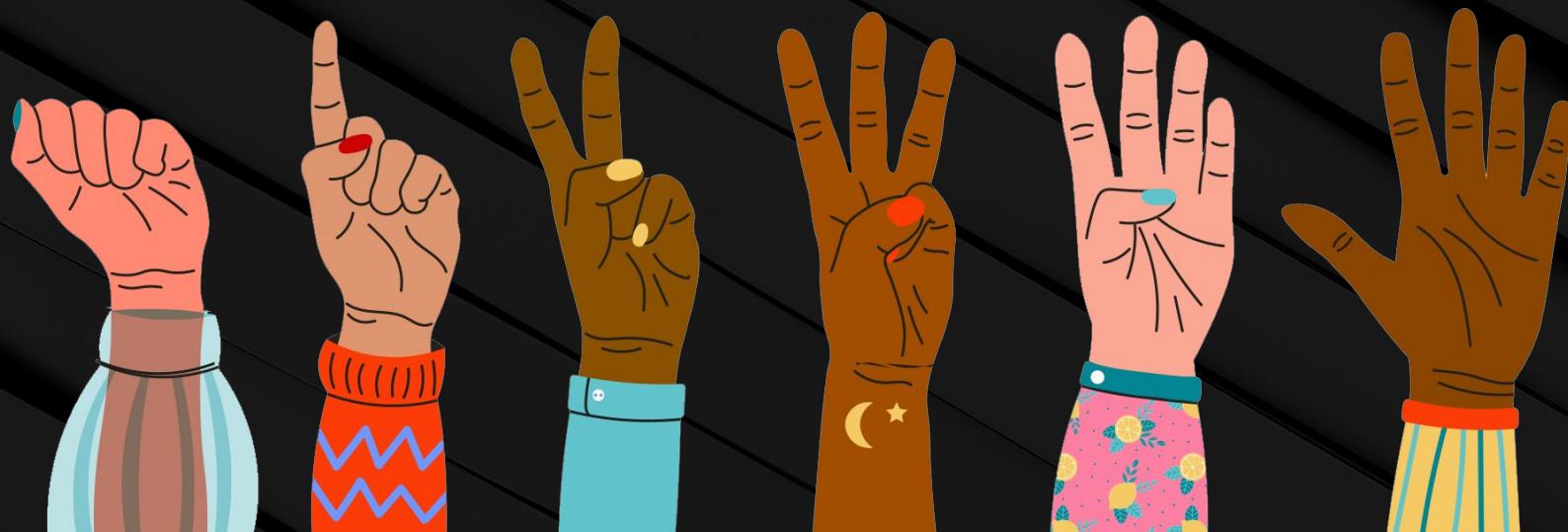
Performing linear and logistic regression



Make sure you've downloaded
any relevant class files!

FIST TO FIVE:

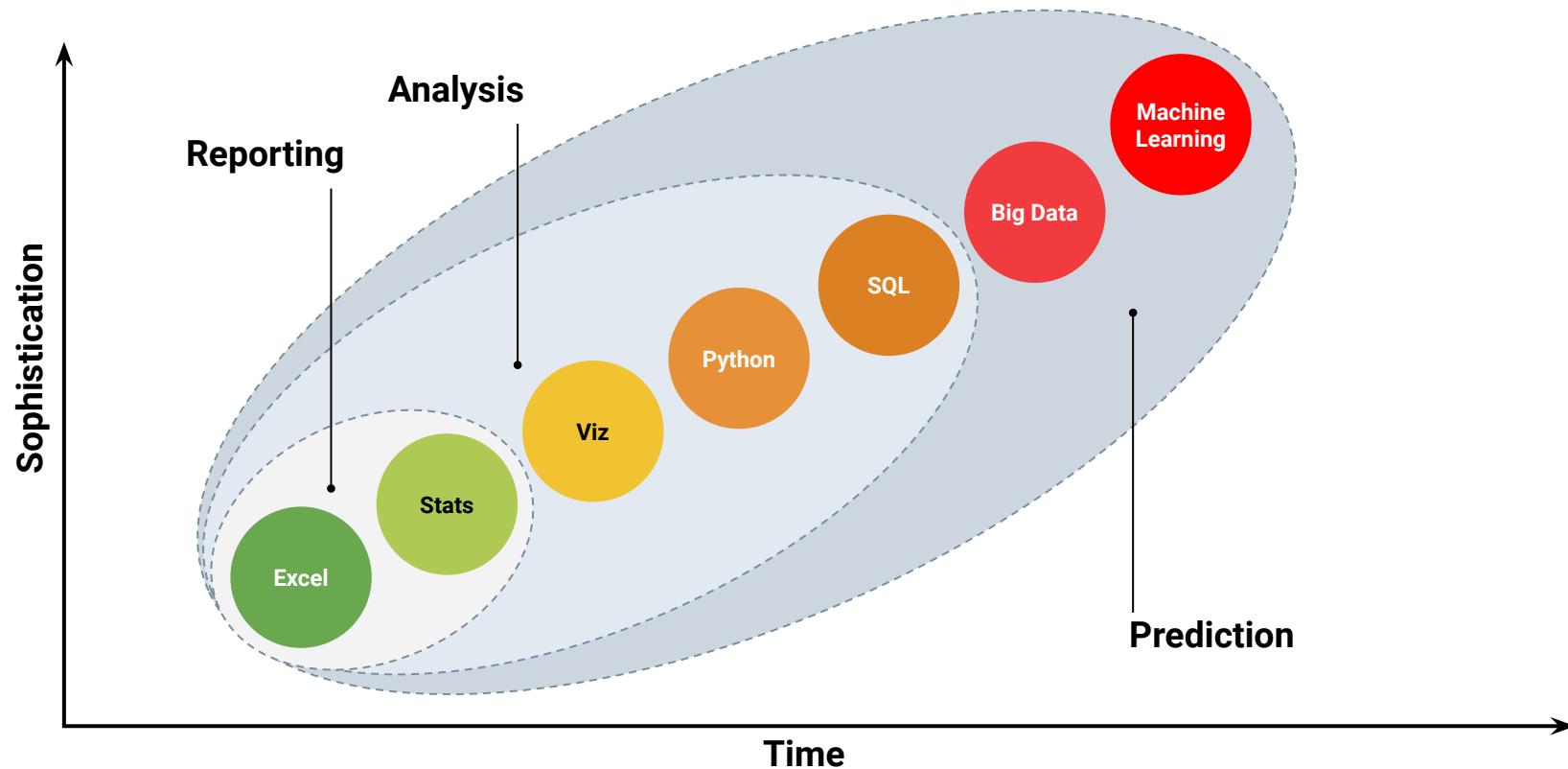
How comfortable do you feel with this topic?

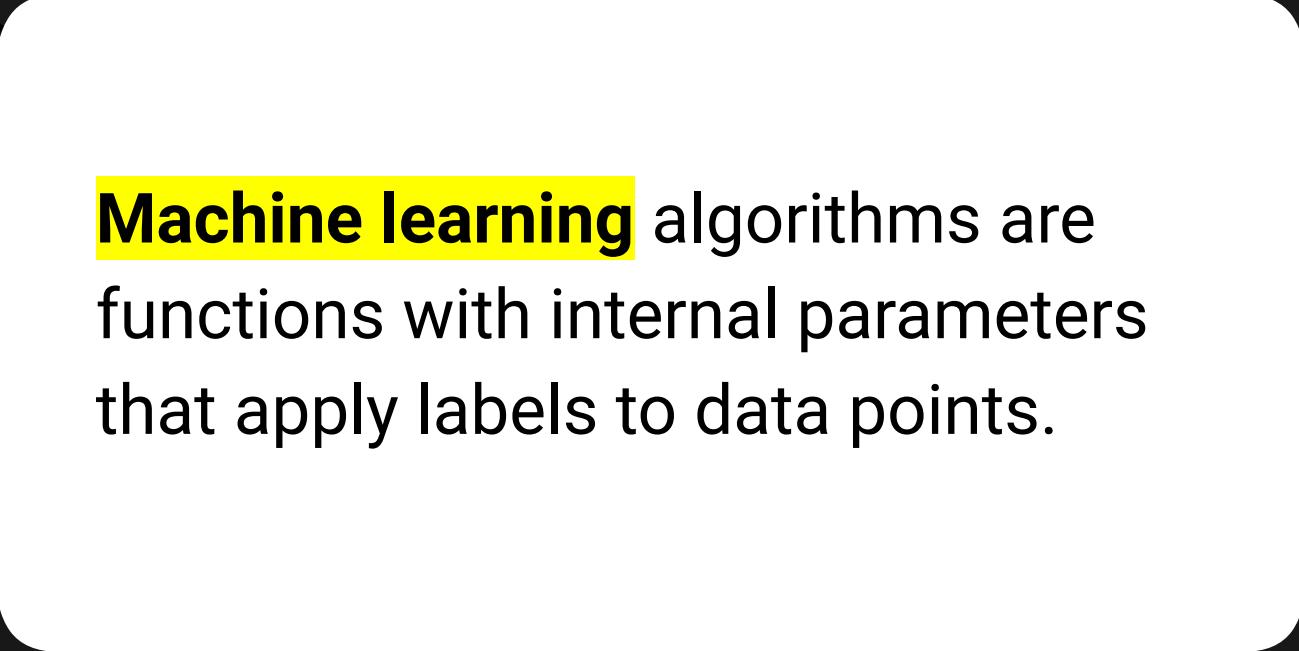




**Where does machine learning
fit in data analytics?**

Machine Learning (ML) is Predictive Analytics





Machine learning algorithms are functions with internal parameters that apply labels to data points.

Machine Learning Algorithms

Data points are assigned labels based on the internal parameters of the algorithm

A	B	C	D
10	15	23	12

Data Point

$$\beta_0 \sum \lambda$$

Machine Learning Algorithm



Label

But What Is It Learning?

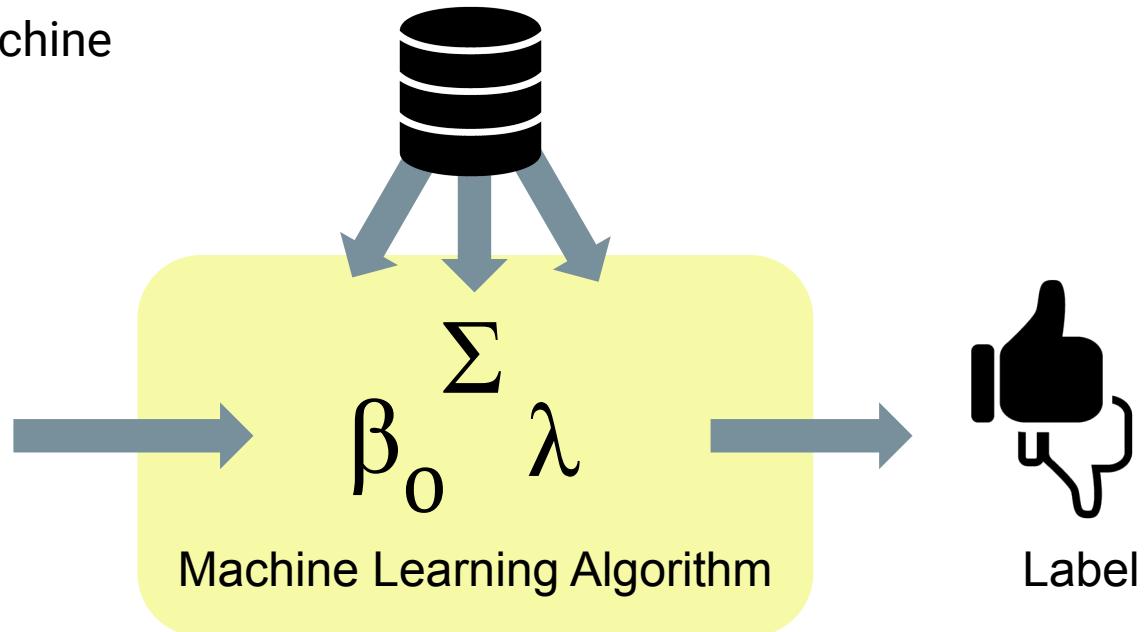
Data points are assigned labels based on the internal parameters of the algorithm.

This is the “learning” in machine learning.

A	B	C	D
10	15	23	12

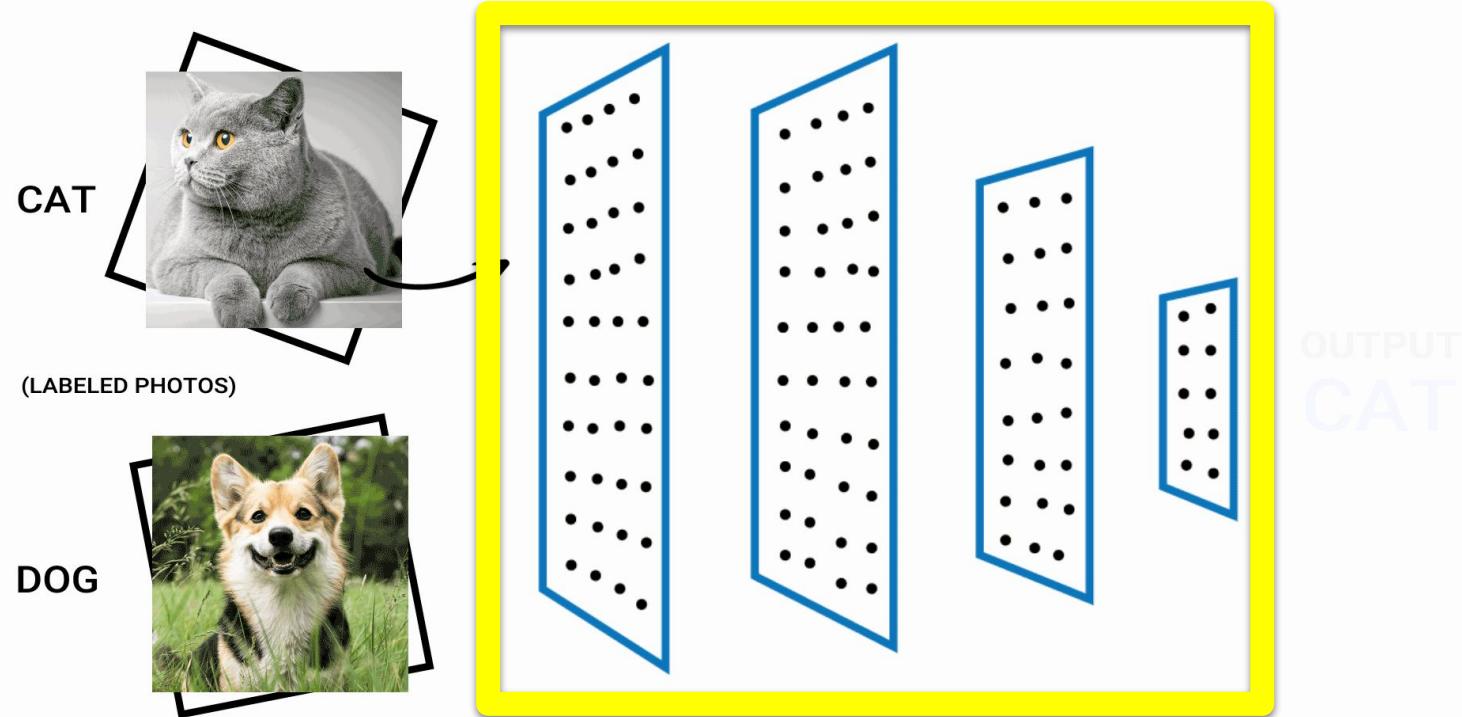
Data Point

Training Data



But What Is It Learning?

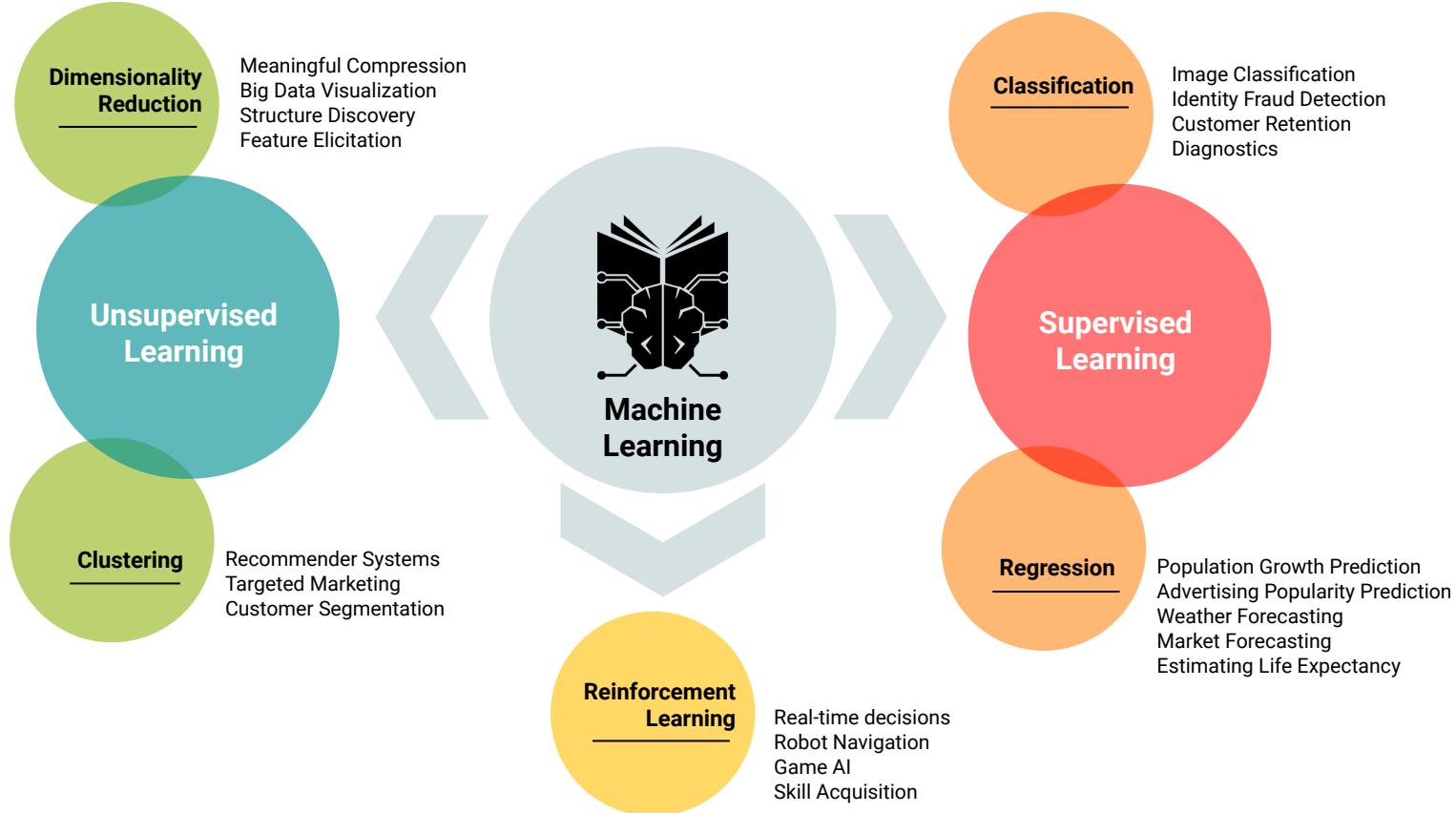
Machine learning algorithms use training data to set their internal parameters.
This is the “learning” in machine learning.



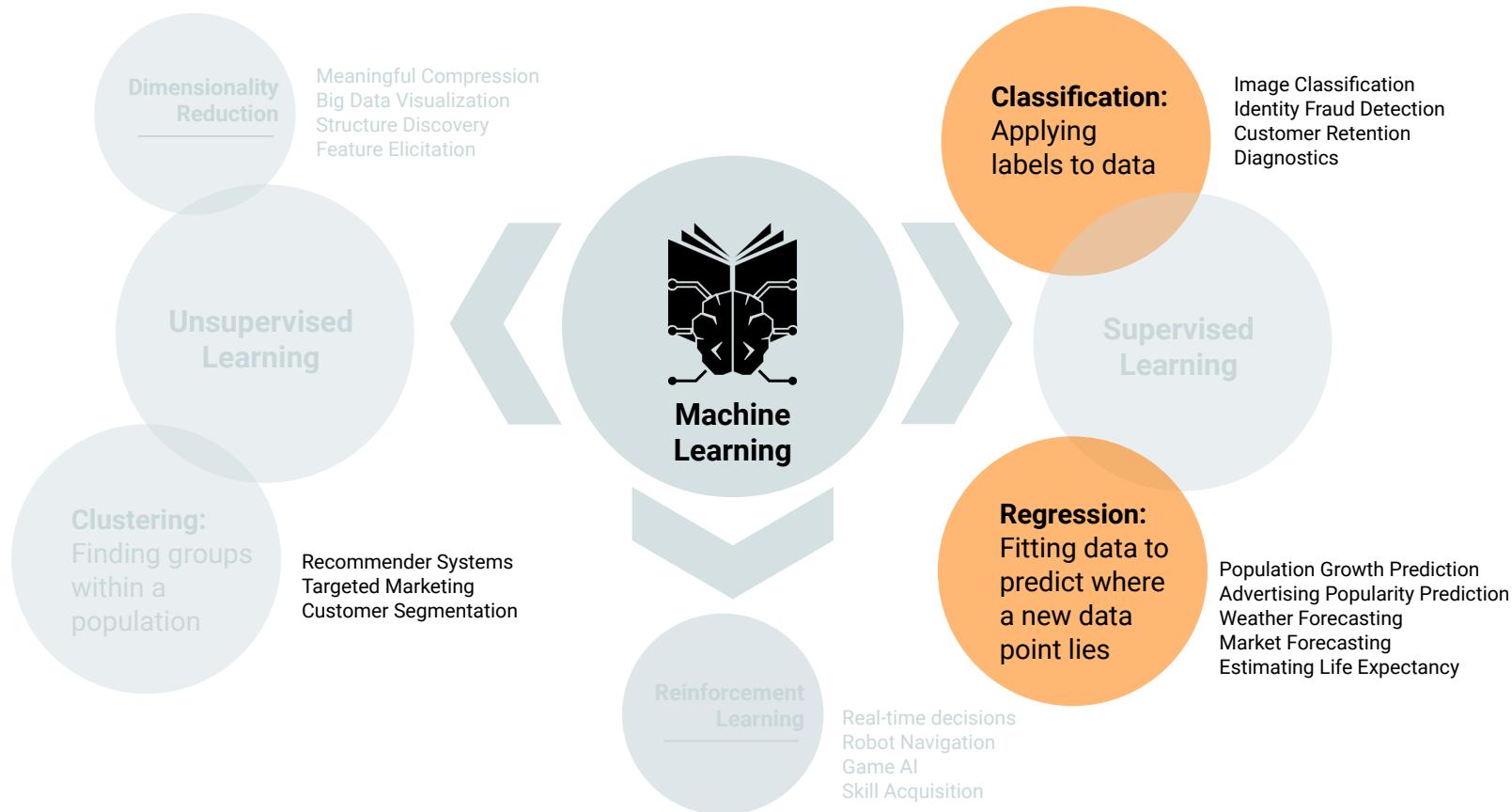


We can categorize machine learning
into supervised learning, unsupervised
learning, and reinforcement learning

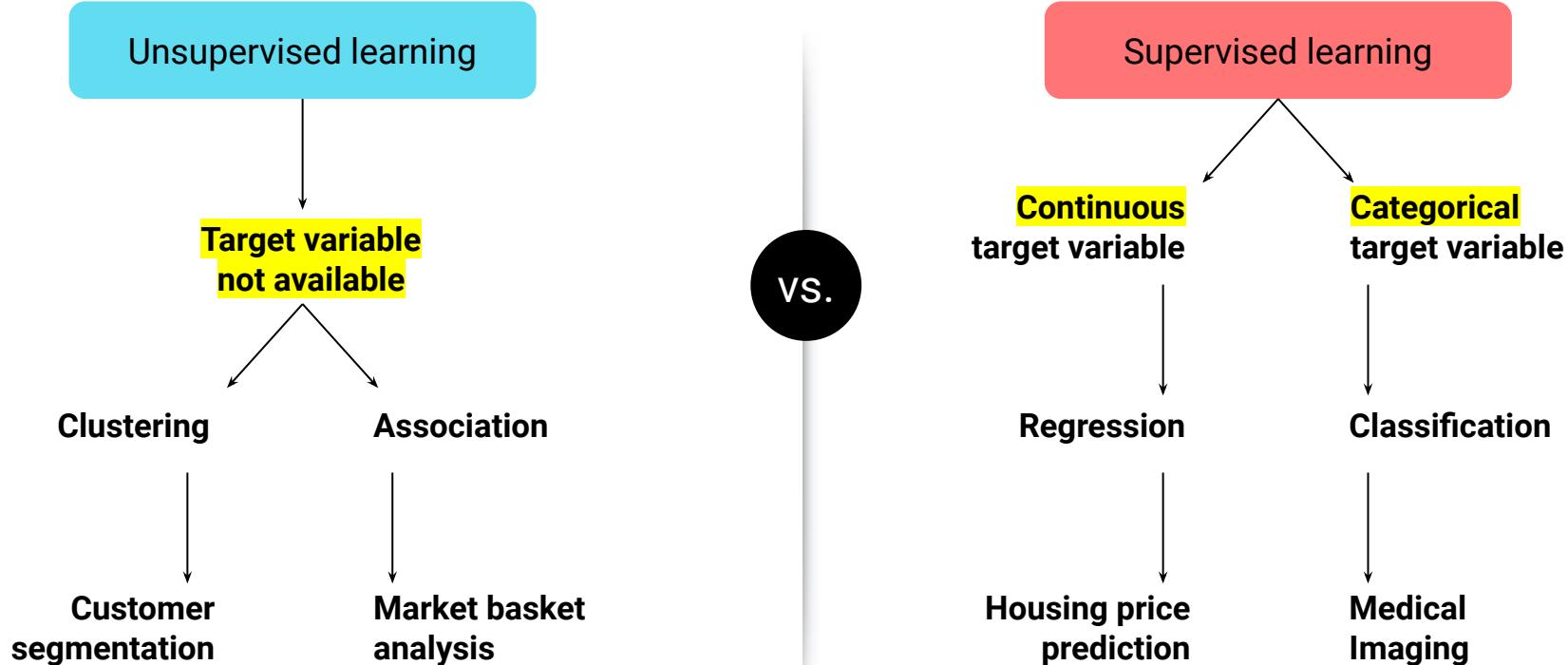
Machine Learning (Categories)



Machine Learning (Supervised Learning Subcategories)



Unsupervised Learning vs. Supervised Learning



Supervised learning: Algorithms for which the potential outcomes are knowable in advance (e.g., category or numeric range) and can be used to correct the model's predictions.

Machine Learning (Supervised)

Using data such as credit score, credit history, income, etc., we are trying to predict whether an individual is a credit risk or not.

Known Category:

“Credit Risk” vs. “Not Credit Risk”



Machine Learning (Supervised)

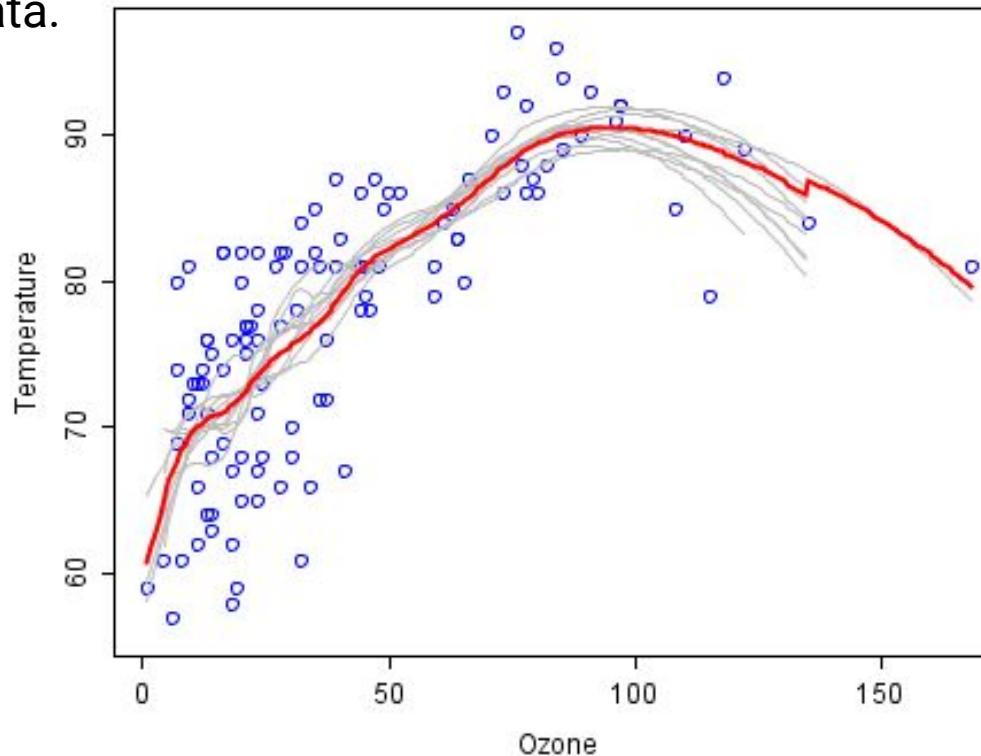
Using features such as number of bedrooms, square feet, etc., we are trying to predict the market value of a house.

Numeric Range:
\$50,000–\$500,000

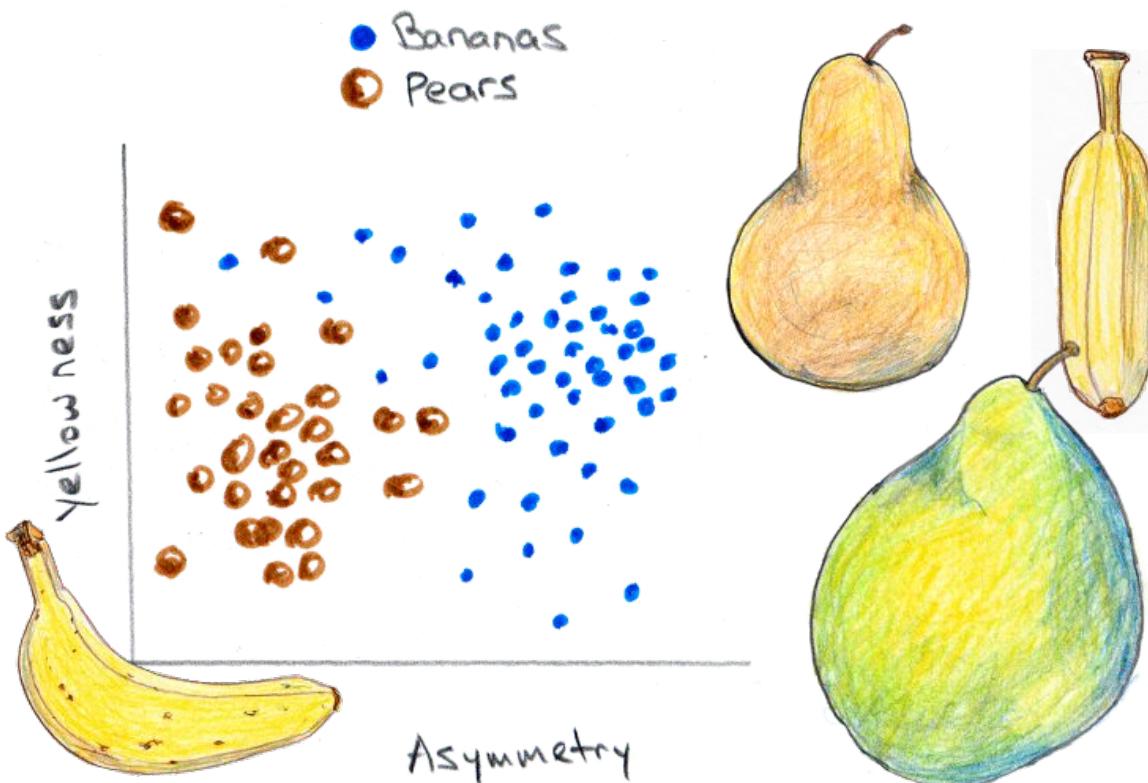


Machine Learning (Regression)

We'll be revisiting regression to predict the location of data points based on old data.

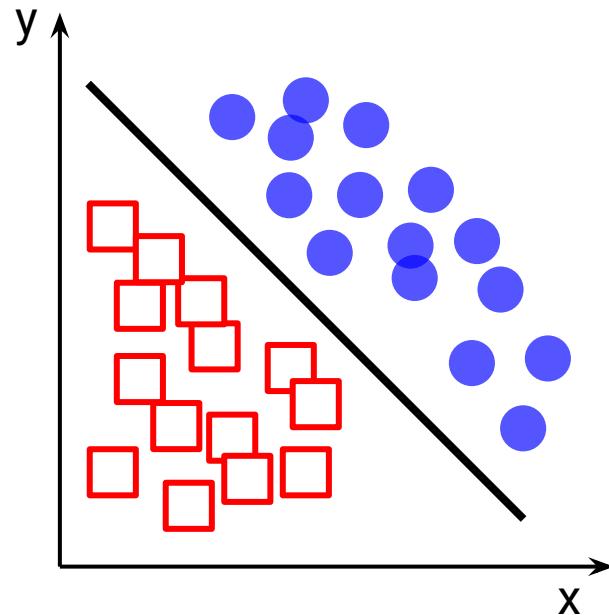


Machine Learning (Classification)

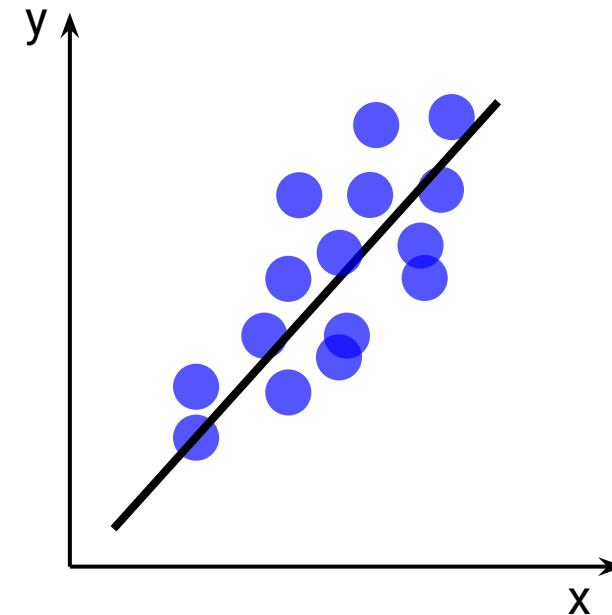


Classification vs. Regression

Classification



Regression



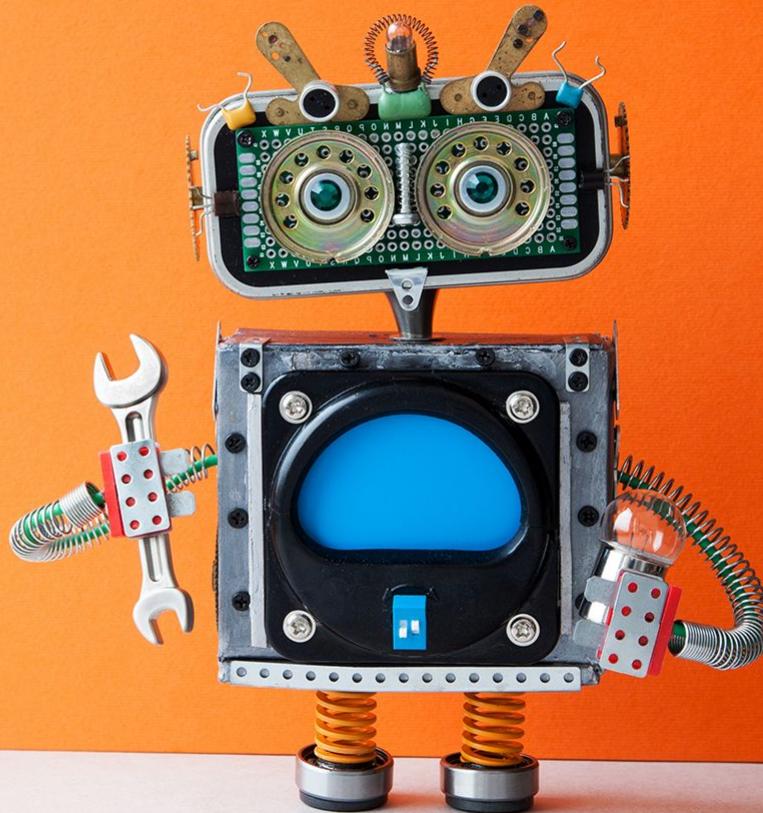


Classification algorithms are used for discrete labels, while regression algorithms are used for continuous labels.

Machine Learning (Unsupervised)

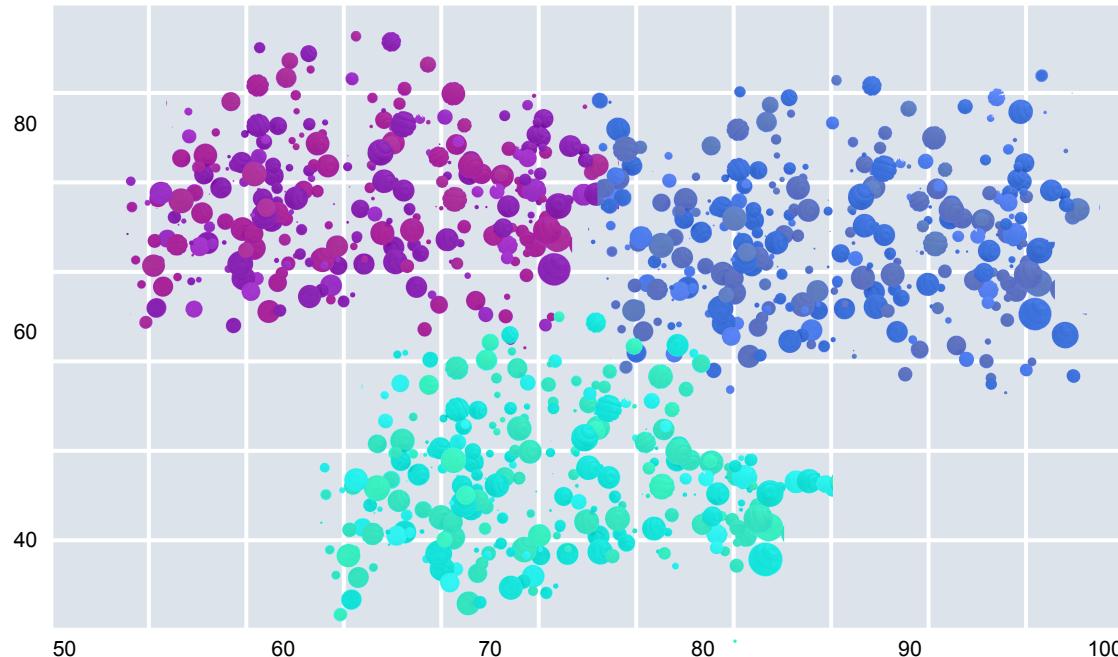
Unsupervised Learning:

Algorithms for which the potential outcomes are unlabeled. Inferences are made directly from the data without feedback from known outcomes or labels.



Machine Learning (Clustering)

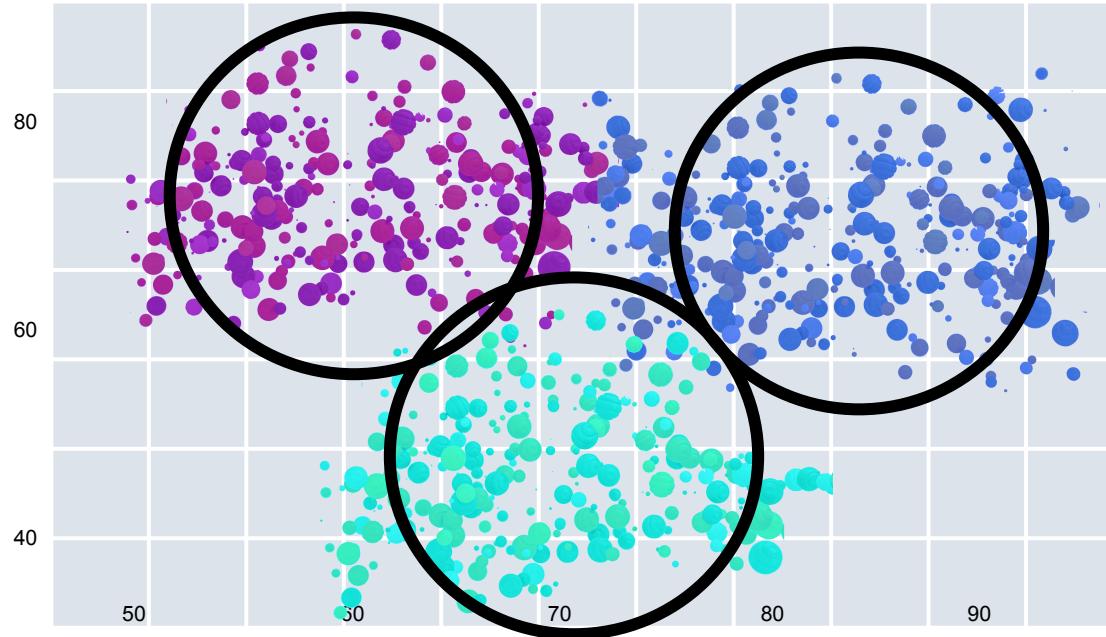
In this clustering problem, we expect our algorithm to find the groupings of data points based on location.



Machine Learning (Clustering)

In this clustering problem, we expect our algorithm to find the groupings of data points based on location.

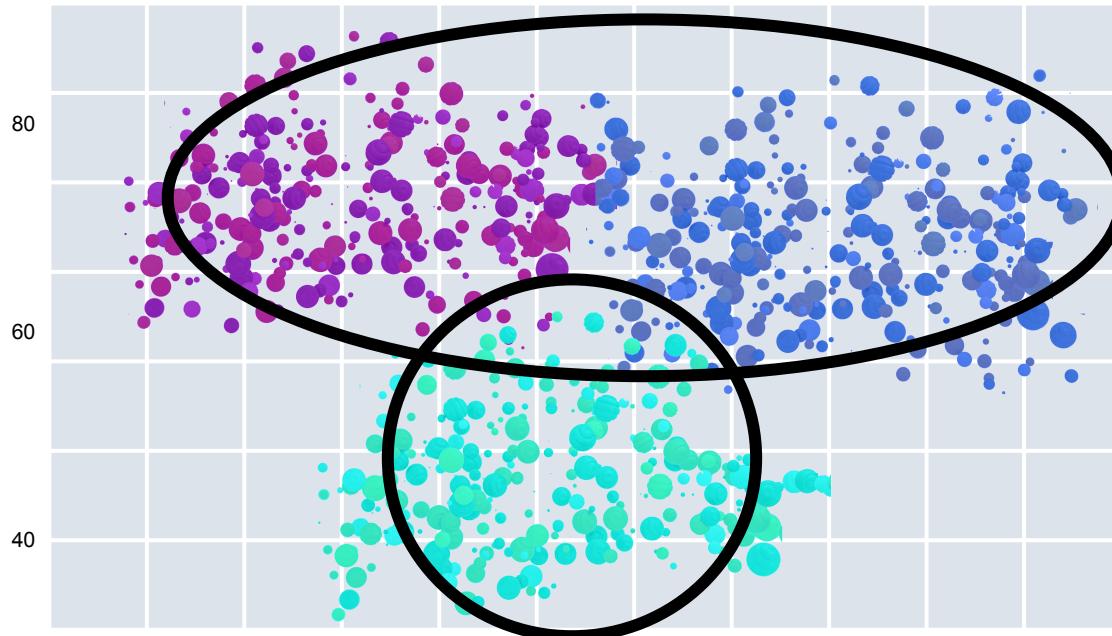
K=3



Machine Learning (Clustering)

But the problem is more complex:

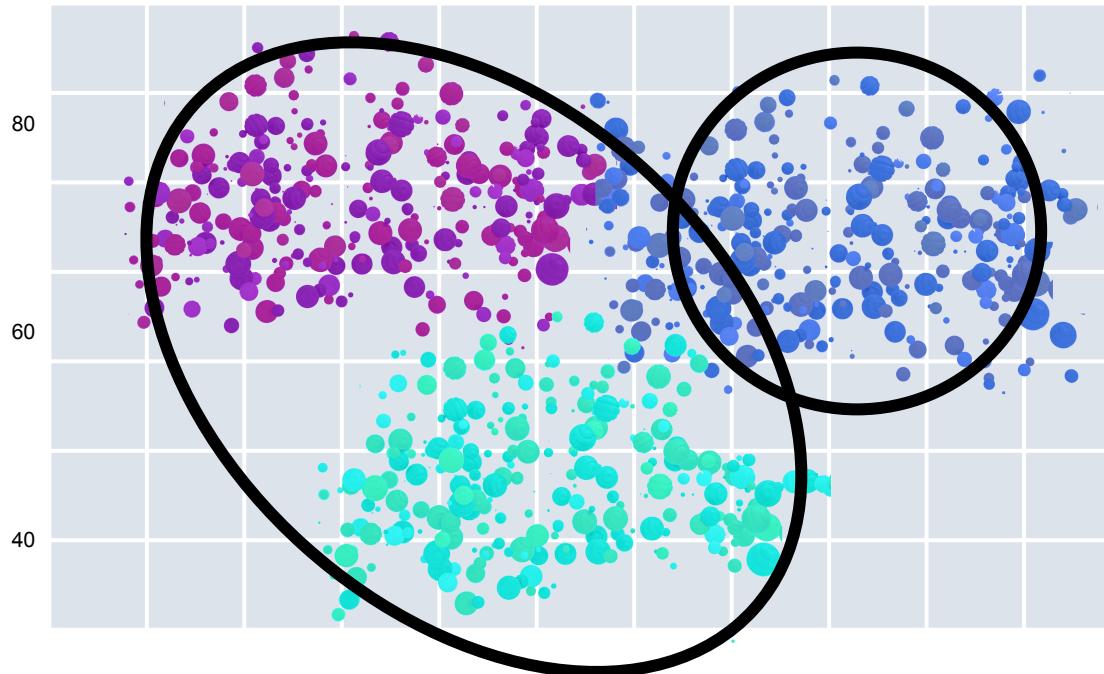
K=2



Machine Learning (Clustering)

Perhaps the clusters are not where we think they are.

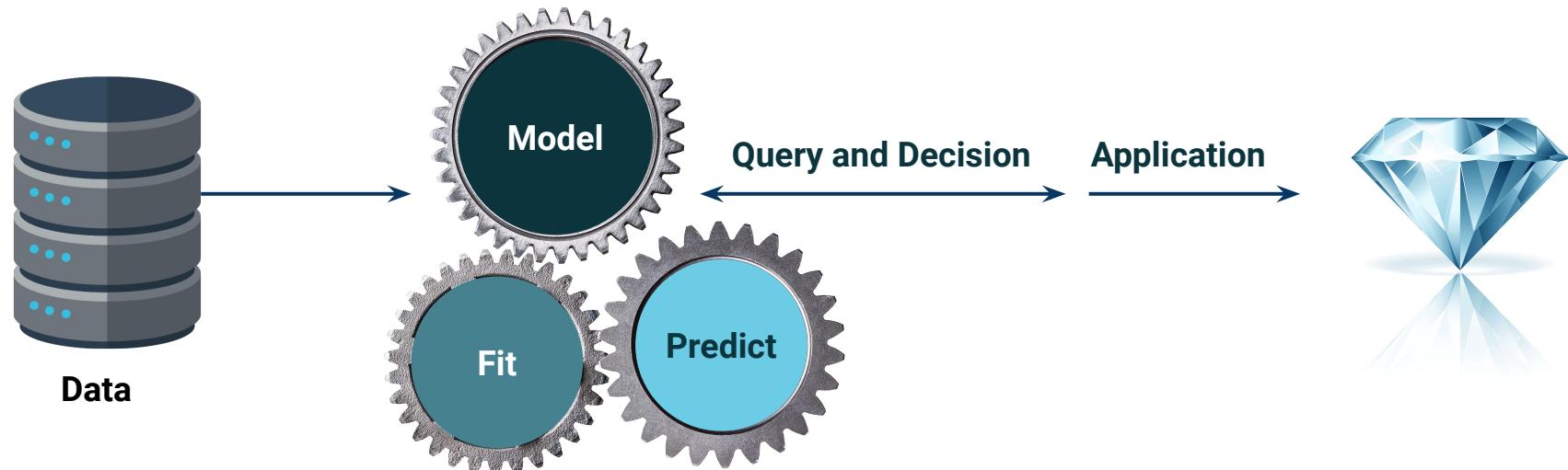
K=2



Training and Predicting

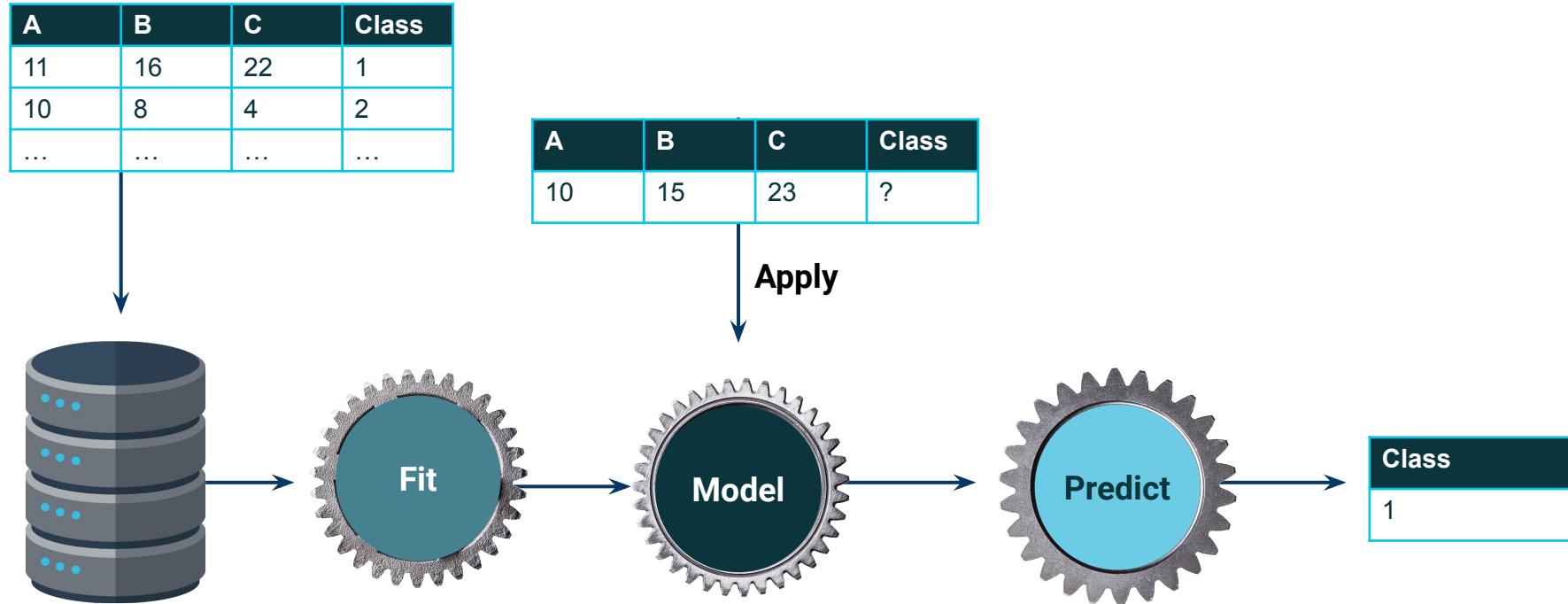
Training and Predicting

Regardless of the problem type, in machine learning, we follow a familiar paradigm: Model → Fit (Train) → Predict



Training and Predicting

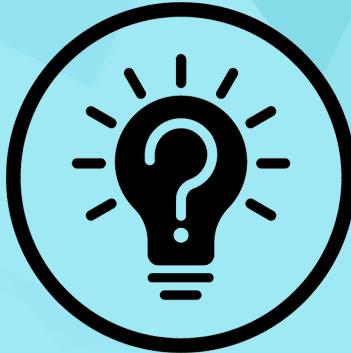
Regardless of the problem type, in machine learning, we follow a familiar paradigm: Model → Fit (Train) → Predict



Questions?



Linear Regression with scikit-learn



**What is the purpose of
using linear regression?**

Linear regression tries to model and predict the relationship between a dependent variable and an independent variable.



In machine learning, the independent variable is also referred to as a **feature** or a **factor**.



**What the purpose of using
multiple linear regression?**

Multiple linear regression tries to predict a dependent variable based on multiple independent variables.

The Equation of a Line (Univariate)

$$y = mx + b$$

Dependent variable



Independent variable

Slope



y intercept



The Equation of a Line (Univariate) *in Greek!*

$$y = \beta_0 + \beta_1 x$$

Dependent variable



y intercept



Slope



Independent variable



Linear Regression

Linear Regression predicts a dependent variable based on values from an independent variable.

There are two basic types:

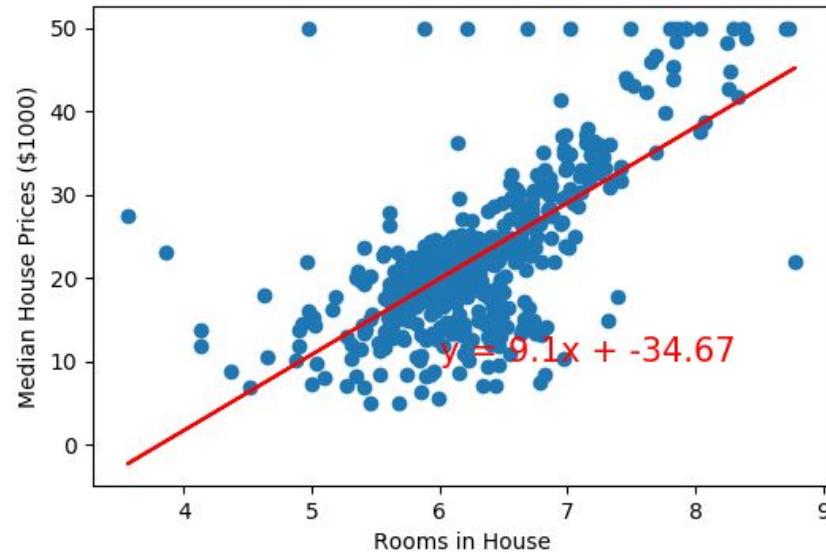
01

Simple linear regression

02

Multiple linear regression

Both types predict an independent variable using the linear equation.



The Equation of a Line (Multivariate)

$$y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \cdots + \beta_n x_n$$

Diagram illustrating the components of a multivariate linear equation:

- y intercept:** Indicated by a red arrow pointing to the term β_0 .
- Slopes (coefficients):** Indicated by red arrows pointing to the terms $\beta_1, \beta_2, \dots, \beta_n$.
- Dependent variable:** Indicated by a red arrow pointing to the variable y .
- Independent variables:** Indicated by a red arrow pointing to the variables x_1, x_2, \dots, x_n .

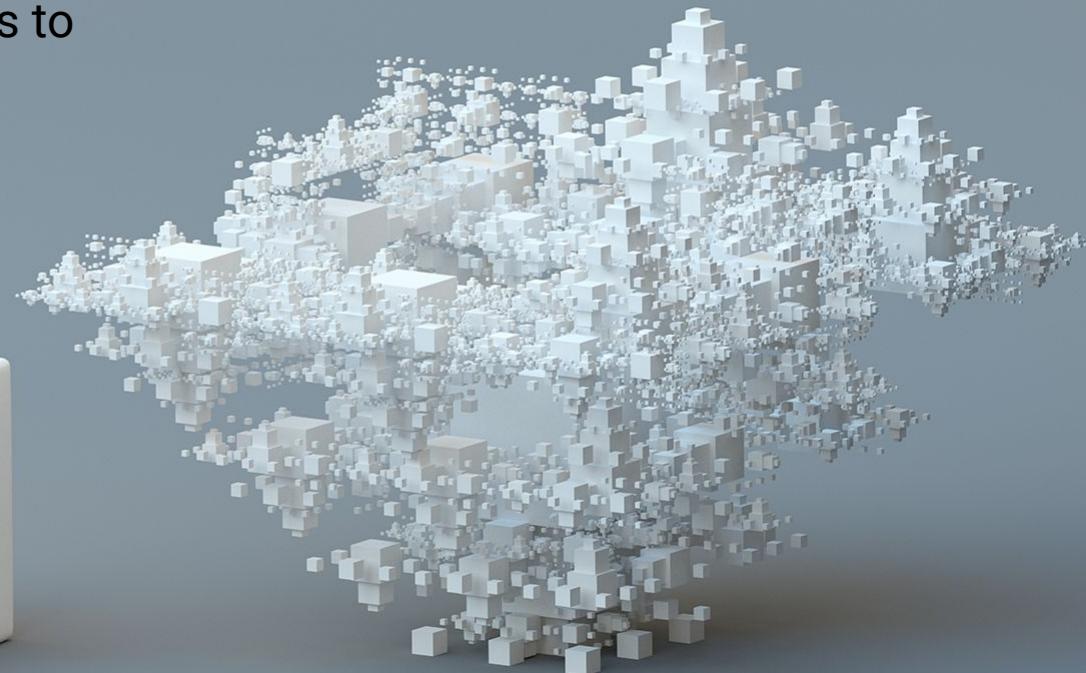
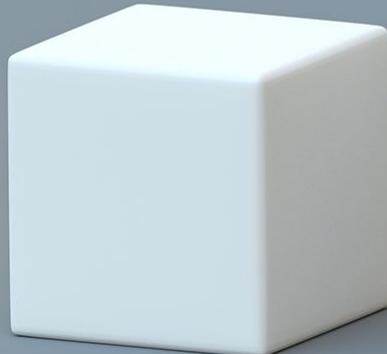


Linear regression is fast! If linear regression can solve a problem, then it may be more efficient and economical than using a more complex model such as deep learning.

Linear Regression

Many data scientists start with a linear regression model.

Then, they move to a more complex model if their data proves to be truly nonlinear.





Instructor Demonstration

Linear Regression

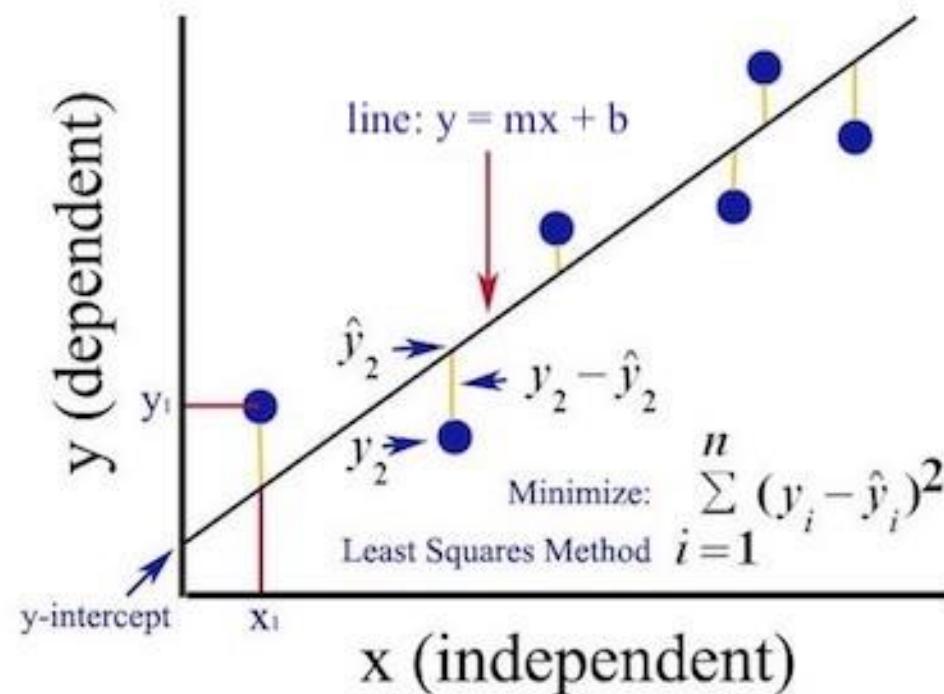
Linear Regression

Linear data trends:

1. **Positive trend**: as the independent value (x) increases, the dependent value (y) increases.
2. **Negative trend**: as the independent value (x) increases, the dependent value (y) decreases.
3. **No trend**: as the independent value (x) increases, the dependent value (y) randomly increases and decreases to the point where there is no clear pattern in the data.

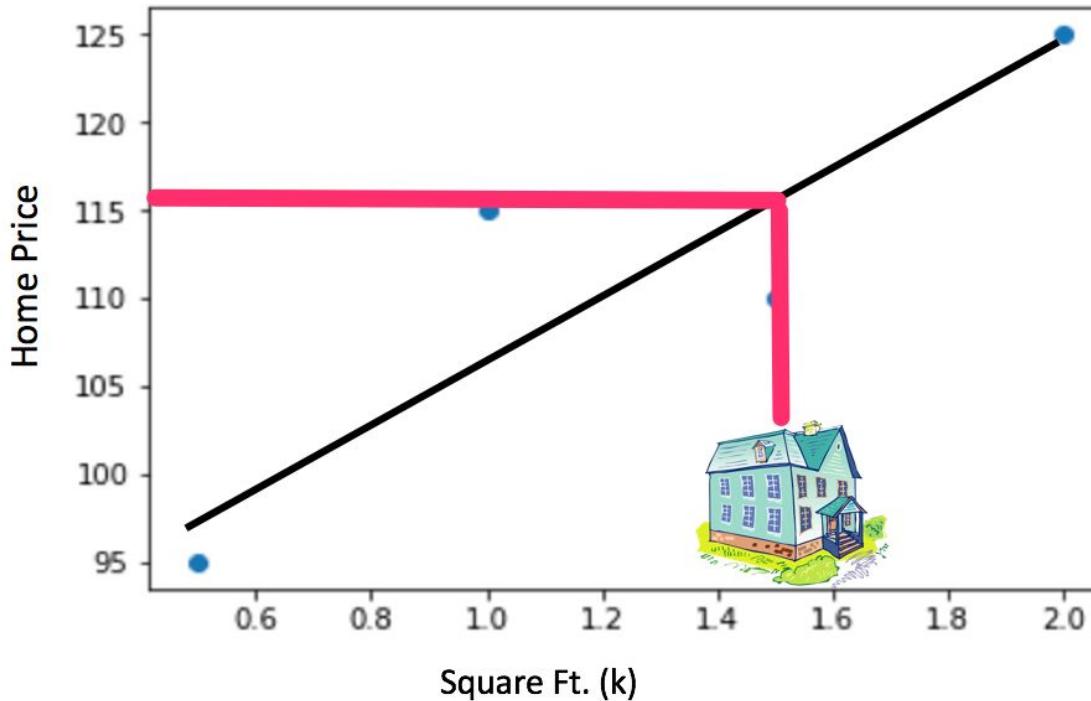
Linear Regression

Formula for univariate linear regression:



Linear Regression

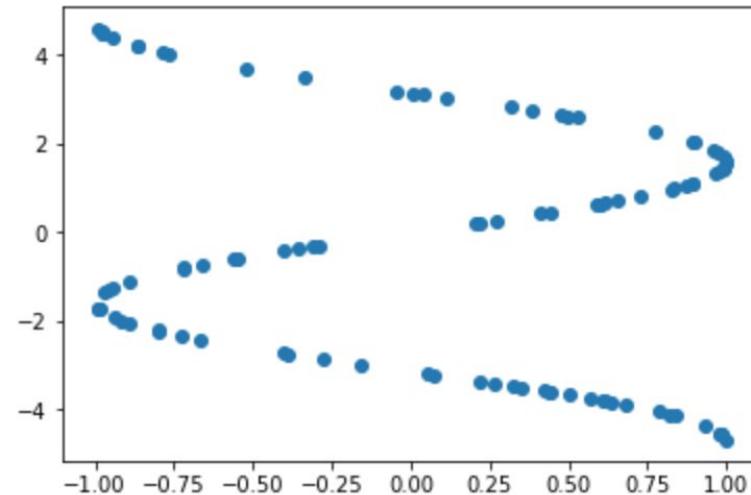
Using linear regression to predict the home price:



Nonlinear Data

A plot of nonlinear data:

```
Out[4]: <matplotlib.collections.PathCollection at 0x11e319c18>
```



Model-Fit-Predict Pattern

Model-Fit-Predict Pattern

Many popular machine learning libraries follow the model-fit-predict pattern.

First, we'll import `LinearRegression` from `sklearn` and use it to create an instance of a model.

```
from sklearn.linear_model import LinearRegression  
model = LinearRegression()
```

Model-Fit-Predict Pattern

Once we have a model instance, we need to fit the model to the data—this is the training process.

The goal of the training is to find the slope and the intercept that best represent the data (that is, to fit a line to the data).

```
model.fit(X, y)  
print(model)
```

Model-Fit-Predict Pattern

We can use the line to make predictions for new inputs because we have a model that can take any value of x and calculate a value for y that follows the trend of the original data.

```
In [7]: print('Weight coefficients: ', model.coef_)  
      print('y-axis intercept: ', model.intercept_)
```

```
Weight coefficients: [ 12.44002424]  
y-axis intercept: 101.896225057
```

Our linear model now looks like this:

$$y = 101.896225057 + 12.44002424x$$

Model-Fit-Predict Pattern

The format for passing values to `model.predict()` is a list of lists, as the following code shows:

```
y_min_predicted = model.predict([[x_min]])  
y_max_predicted = model.predict([[x_max]])
```

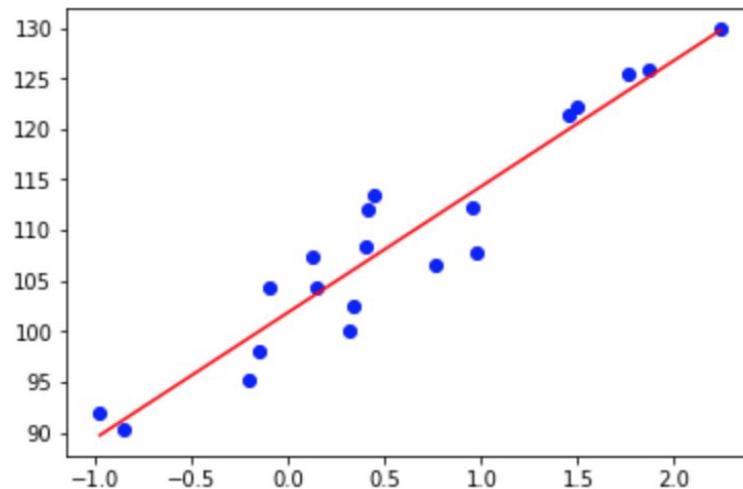


If we compare the first prediction to the original output value, the values should be very close because the model represents the trend of the original data.

Model-Fit-Predict Pattern

The original data compared to the predicted minimum and maximum values:

Out[13]: [`<matplotlib.lines.Line2D at 0x11e93fd30>`]



Multiple Linear Regression

Multiple linear regression is linear regression that uses multiple input features.

Multiple Linear Regression simply means that you have more than one feature variable.

$$Y_i = \theta_0 + \theta_1 X_{i1} + \theta_2 X_{i2} + \dots + \theta_p X_{ip}$$

You can think of this as:

$$Y_i = Bias_0 + Weight_1 Feature_1 + Weight_2 Feature_2 + \dots + Weight_p Feature_p$$

For the Housing Price example, you may have features like this:

$$Y_i = Bias_0 + Weight_1 \text{sq_feet} + Weight_2 \text{num_bedrooms} + Weight_3 \text{num_bathrooms}$$

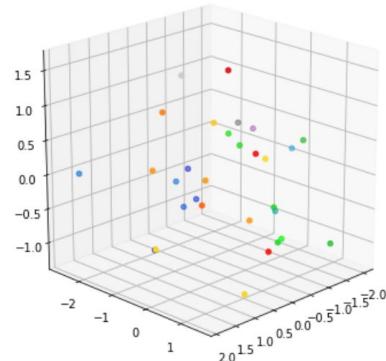


With multiple linear regression, it becomes hard to visualize the linear trends in the data. We need to rely on our regression model to correctly fit a line.

Multiple Linear Regression

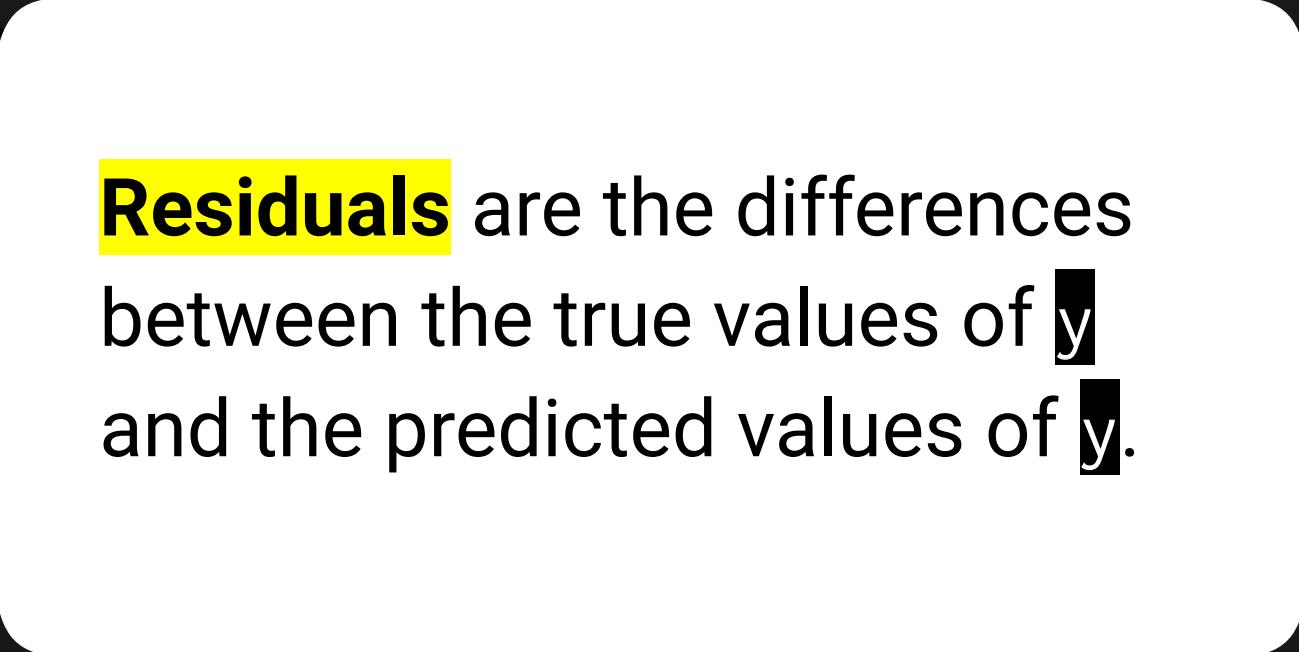
Sklearn uses the ordinary least squares (OLS) method for fitting the line. Luckily, the API to the linear model is the same as before! We simply fit our data to our n-dimensional X array, as the following image shows:

```
In [3]: from mpl_toolkits.mplot3d import Axes3D
fig = plt.figure(1, figsize=(5, 5))
axes = Axes3D(fig, elev=20, azim=45)
axes.scatter(X[:,0], X[:,1], X[:,2], c=y, cmap=plt.cm.spectral)
plt.show()
```





Sometimes, a linear regression model may not be an appropriate or decent fit for the data. To determine if the linear regression model is a decent fit for the data, we need to examine the residuals.

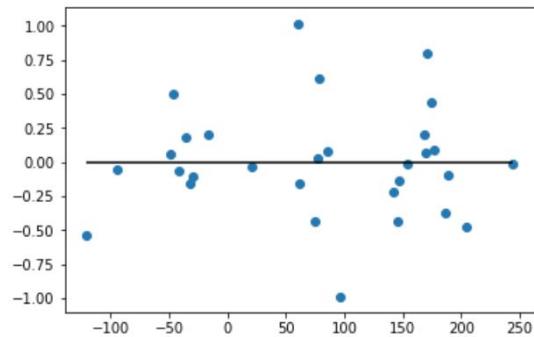


Residuals are the differences between the true values of y and the predicted values of \hat{y} .

Residuals

When we plot residuals, if there is equal distribution above and below the x-axis, then the linear model provides a decent fit to the data.

```
In [5]: predictions = model.predict(X)
# Plot Residuals
plt.scatter(predictions, predictions - y)
plt.hlines(y=0, xmin=predictions.min(), xmax=predictions.max())
plt.show()
```



Questions?





Linear Regression

Suggested Time:



Instructor Demonstration

Quantifying Regression

Metrics to Quantify Machine Learning Models

Common Scoring Metrics

R^2 (R squared):

This is the baseline metric that many ML tools report on score. Higher R^2 values signify that the model is “highly predictive.”

An R^2 value of >0.90 means that our model roughly accounts for 90% of the variability of the data.

MSE (mean squared error)

This measures the average of the squares of the errors or deviations.

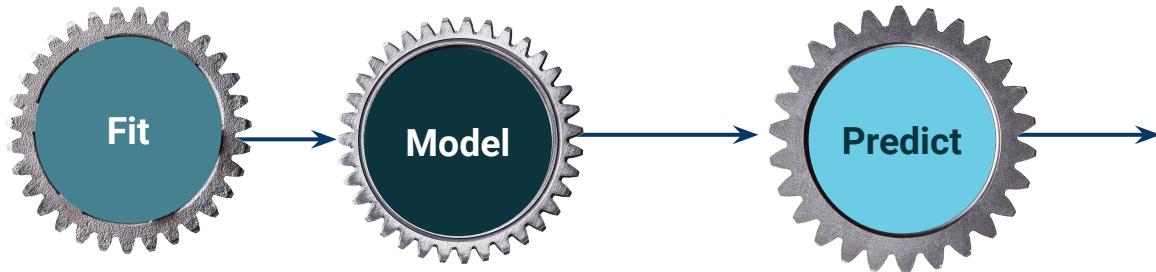
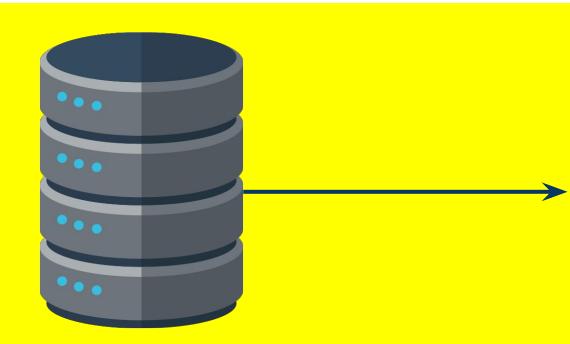
Basic Premise of Validation Using Training and Testing Data

We will cut a slice of this data (80%) to build our model and then use it to predict the values for the remaining 20%.

Full Data Set (Historic)			
N=1000			
# bedrooms	# baths	Sq. feet (k)	Price (k)
2	1	1	200
3	2	1.5	250
...

Training Data Set			
N=800			
# bedrooms	# baths	Sq. feet (k)	Price (k)
4	3.5	3.2	450
2	2	1.5	220
...

Testing Data Set			
N=200			
# bedrooms	# baths	Sq. feet (k)	Price (k)
1	1	.5	60
5	3.5	4.2	780
...



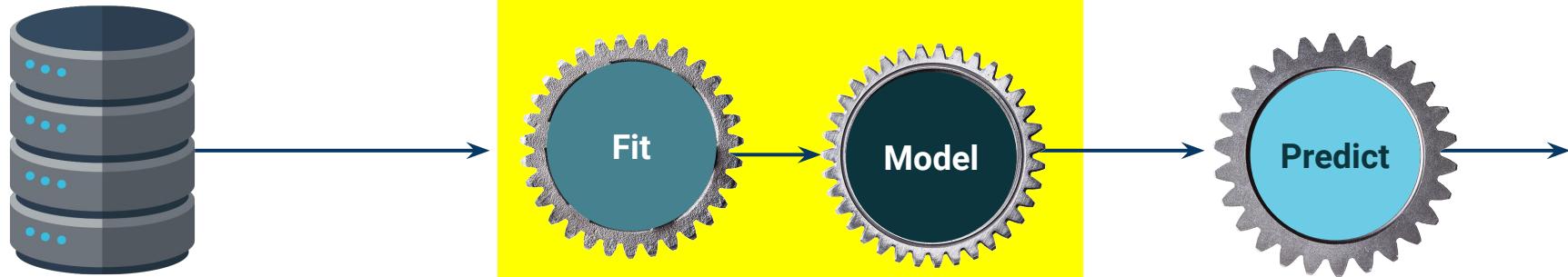
Basic Premise of Validation Using Training and Testing Data

We use the training data to fit the model to the data. This is the training step where we build a model that can predict our output (home price) for a given set of features (# bedrooms, # baths, square feet). Once the model is trained, we can use the model to make predictions.

Full Data Set (Historic)			
N=1000			
# bedrooms	# baths	Sq. feet (k)	Price (k)
2	1	1	200
3	2	1.5	250
...

Training Data Set			
N=800			
# bedrooms	# baths	Sq. feet (k)	Price (k)
4	3.5	3.2	450
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Testing Data Set			
N=200			
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1	1	.5	60
5	3.5	4.2	780
...



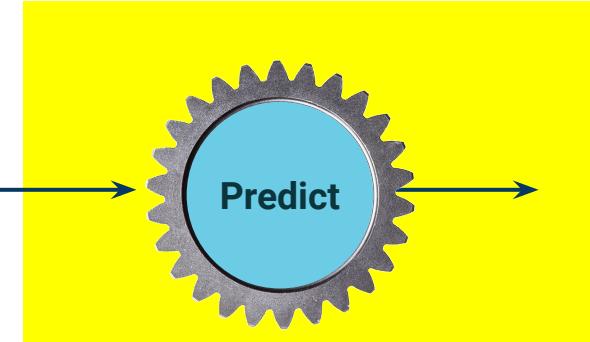
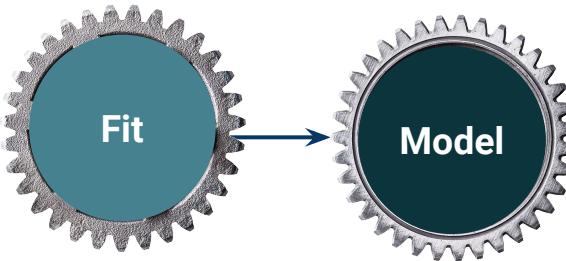
Basic Premise of Validation Using Training and Testing Data

We use the test data to make new home price predictions. Then, we can compare the home price of our prediction against the actual price.

Full Data Set (Historic)			
N=1000			
# bedrooms	# baths	Sq. feet (k)	Price (k)
2	1	1	200
3	2	1.5	250
...

Training Data Set			
N=800			
# bedrooms	# baths	Sq. feet (k)	Price (k)
4	3.5	3.2	450
2	2	1.5	220
...

Testing Data Set			
N=200			
# bedrooms	# baths	Sq. feet (k)	Price (k)
1	1	.5	60
5	3.5	4.2	780
...





Based (roughly) on how often we are “correct,” we get a score for the model as a whole. If the model scores well, we can trust it for future use. We train the model on the training data and score the model based on data that it has never seen before (test data).



Time to Code

Brains!

Suggested Time:

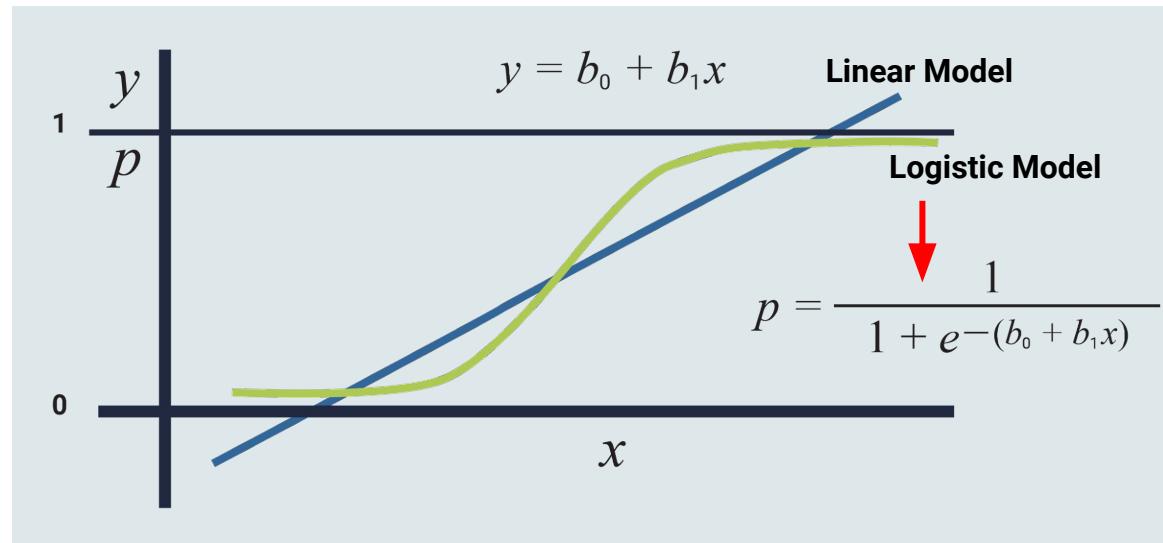
20 minutes

Logistic Regression

Logistic regression is a classification algorithm used to predict a discrete set of classes or categories (for example, Yes/No, Young/Old, Happy/Sad).

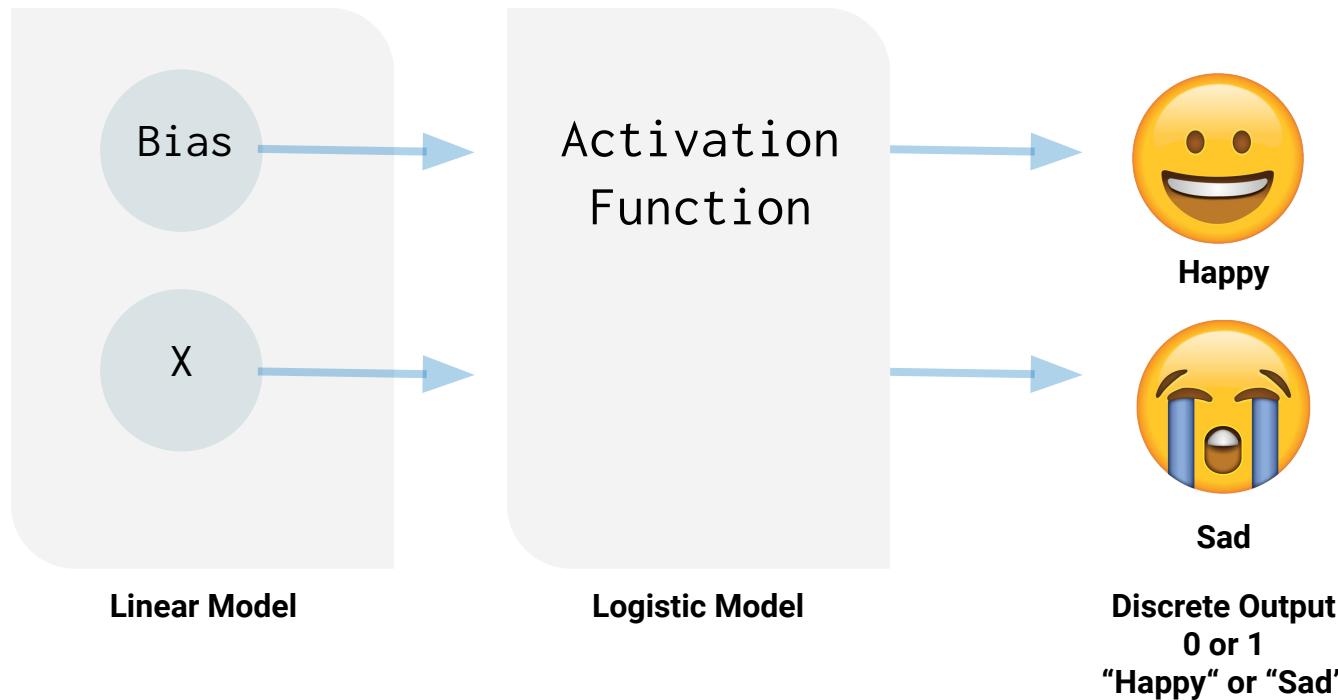
Logistic Regression

Unlike linear regression, which outputs continuous numerical values (for example, age), logistic regression applies an activation function, such as the sigmoid function, to return a probability value of 0 or 1. This can then be mapped to a discrete class, like “Young” or “Old.”



Logistic Regression

Logistic regression can be used to predict a discrete output or category.

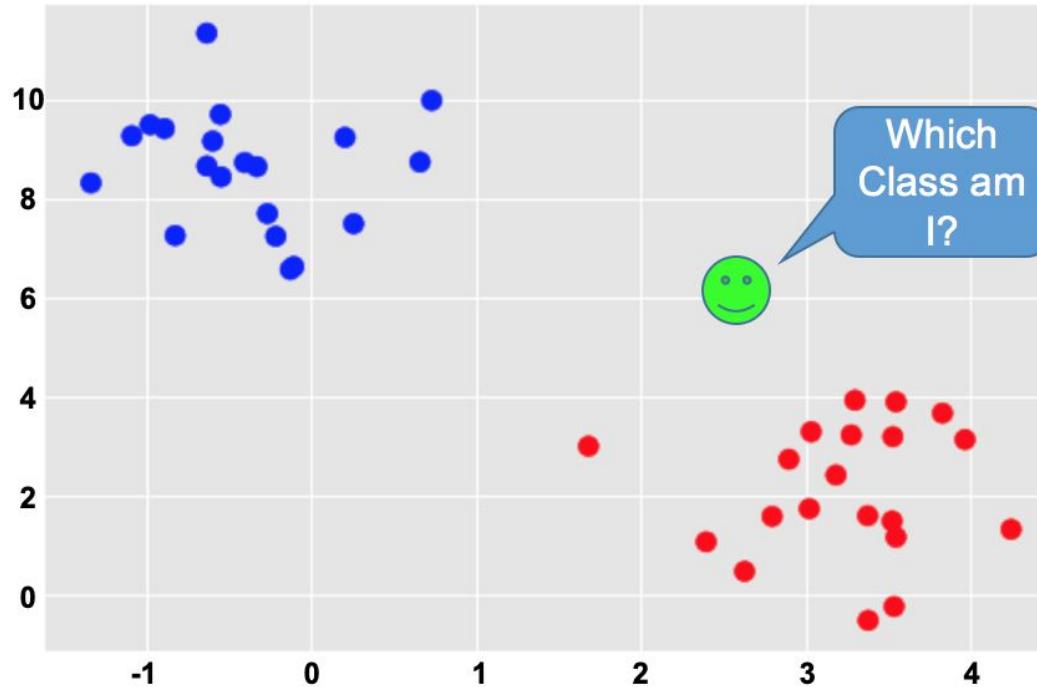




We can use logistic regression to predict which category or class a new data point should belong to.

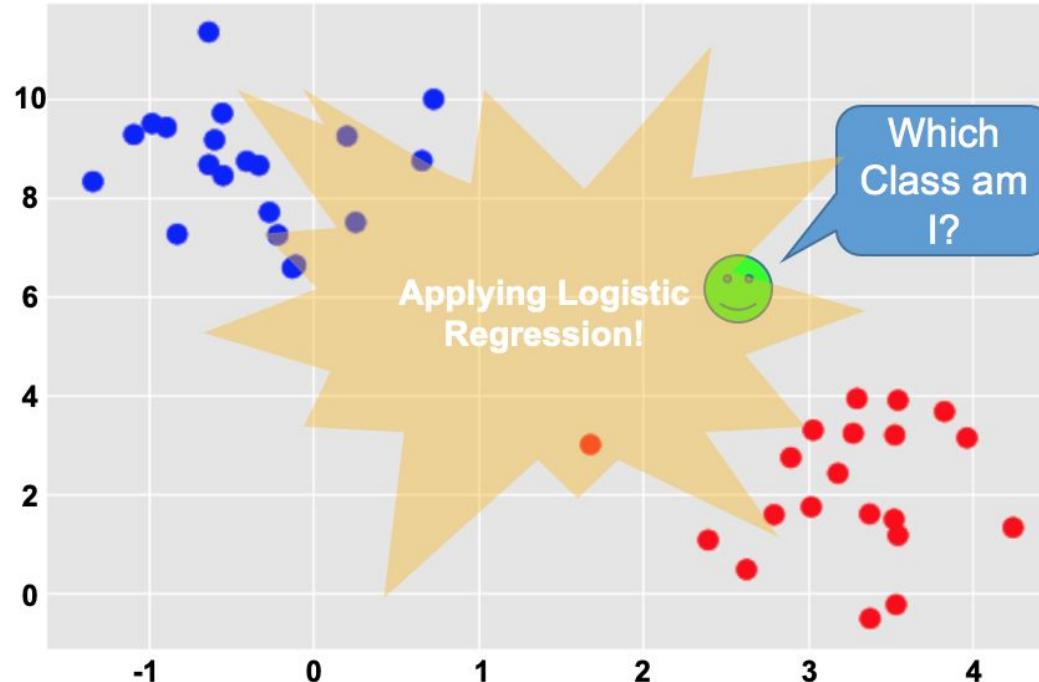
Logistic Regression

For example, assume that we have two classes of data: a red class and a blue class. The data points in each class cluster together on a plot.



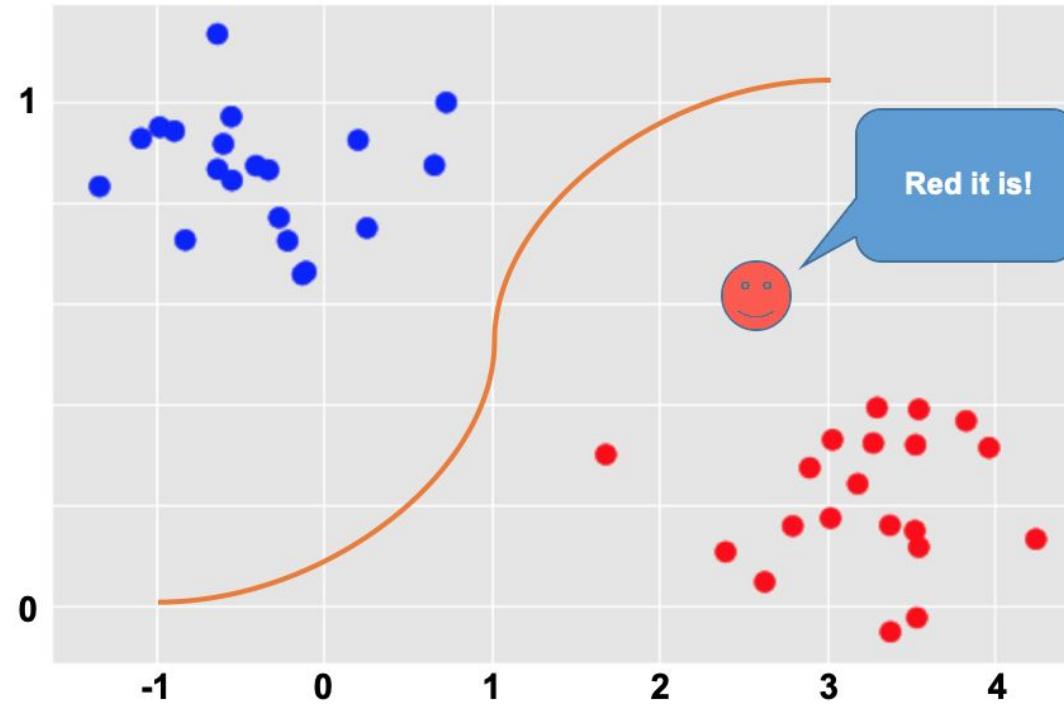
Logistic Regression

Applying logistic regression gives us a line that separates the two classes on the plot.



Logistic Regression

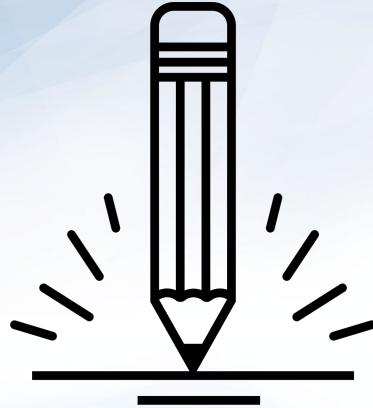
Now, we can predict which class a new data point should belong to—according to which side of the line it falls on.





Instructor Demonstration

Logistic Regression



Activity: Counterfeit Catcher

In this activity, you will apply logistic regression to predict whether a particular bank note is counterfeit or legitimate by using computed features from digitized images.

Suggested Time:
15 minutes



Activity: Counterfeit Catcher

Instructions

01

Split your data into training and testing data.

02

Create a logistic regression model with sklearn.

03

Fit the model to the training data.

04

Make 10 predictions, and then compare them to the testing data labels.

05

Compute the accuracy score for the training and testing data separately.



Let's Review

Questions?

