Y = a + bx

Strong rule

If I know enough about a and b

If I add too many variables and inputs like b1x1, b2x2 etc.. I might just be adding noise

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Hypothesis : a claim about a population parameter

Population: is big enough so that u cant see them all

Typically Greek letter parameters like µ

Null hypothesis – states the claim that has to be tested and then we try and deny this

Alternative hypothesis- negation of null hypothesis

In absence of data or in case of weak data, the null hypothesis stands. The objective is to disprove the null hypothesis.

Data mining

Inductive inference vs deductive inference

Test statistic

CRITICL VALUES

Central limit theorem – sample means tend to follow normal distribution

Error probabilities – α and β. When you try and bring one done, the other goes up

Power of a test = 1 – beta ???

1. α = confidence level pg 300 – the probability of not rejecting null hypo when it is true

level of significance,

z test - population std dev known

t test – population std. dev non known

bi equivalence test – used in pharma for generic vs patented med testing

std. error =σ/ root n