TDAB01 Probability and Statistics

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Lecture 10: Bayesian Inference

Overview

- **Prior and posterior**
- **Conjugate distribution families**
- **Bayesian estimator, confidence intervals and hypothesis testing**

Prior and posterior distributions

- $X_1, \ldots, X_n$ iid, $\theta \in \Theta$ unknown parameter
- Consider θ as random variable
- Discretization of Θ: $\theta \in \{\theta_1, \theta_2, \ldots, \theta_K\}$

$$\boldsymbol{P}(\theta = \theta_i | \mathbf{x}) = \frac{P(\mathbf{x}|\theta = \theta_i)\boldsymbol{P}(\theta = \theta_i)}{\sum_{j=1}^{K} P(\mathbf{x}|\theta = \theta_j)\boldsymbol{P}(\theta = \theta_j)}$$

- For $(\theta_{i+1} - \theta_i \to 0)$ we obtain

$$f(\theta|\mathbf{x}) = \frac{f(\mathbf{x}|\theta)f(\theta)}{\int f(\mathbf{x}|\theta)f(\theta)d\theta}$$

- **Bayes Theorem** for **continuous** parameter θ

$$\pi(\theta|\mathbf{x}) = \frac{f(\mathbf{x}|\theta)\pi(\theta)}{\int f(\mathbf{x}|\theta)\pi(\theta)d\theta}$$

  - **Prior**: $\pi(\theta)$
  - **Likelihood**: $f(\mathbf{x}|\theta)$
  - **Posterior**: $\pi(\theta|\mathbf{x})$

Bernoulli model with beta prior

- Bernoulli model: $X_1, \ldots, X_n | \theta \sim Bernoulli(\theta)$, $\theta \in (0,1)$
- **Likelihood:** $\theta^s (1-\theta)^f$, $f + s = n$ & **Prior**: $\theta \sim Beta(\alpha, \beta)$, i.e

$$\pi(\theta) = \frac{1}{B(\alpha,\beta)} \theta^{\alpha-1} (1-\theta)^{\beta-1}$$

- **Posterior:**

$$\pi(\theta|\mathbf{x}) = \frac{f(\mathbf{x}|\theta)\pi(\theta)}{\int f(\mathbf{x}|\theta)\pi(\theta)d\theta} = \frac{\theta^s(1-\theta)^f \frac{1}{B(\alpha,\beta)}\theta^{\alpha-1}(1-\theta)^{\beta-1}}{\int \theta^s(1-\theta)^f \frac{1}{B(\alpha,\beta)}\theta^{\alpha-1}(1-\theta)^{\beta-1}d\theta}$$
$$= \frac{\theta^{\alpha+s-1}(1-\theta)^{\beta+f-1}}{\int \theta^{\alpha+s-1}(1-\theta)^{\beta+f-1}d\theta} = c \cdot \theta^{\alpha+s-1}(1-\theta)^{\beta+f-1}$$

where $c = 1/\int \theta^{\alpha+s-1}(1-\theta)^{\beta+f-1}d\theta$ is constant (does not depend on θ)

- Density of form $c \cdot \theta^{\alpha+s-1}(1-\theta)^{\beta+f-1}$ is recognized as $Beta(\alpha+s, \beta+f)$:

$$\pi(\theta|\mathbf{x}) = \frac{1}{B(\alpha+s,\beta+f)}\theta^{\alpha+s-1}(1-\theta)^{\beta+f-1}$$

Bayes Theorem on proportional form

- There is no need to calculate the denominator in Bayes Theorem, $\int f(\mathbf{x}|\theta)\pi(\theta)d\theta$
- We recognized the Beta distribution anyway
- Integral of any density function is 1 $\Rightarrow$ constant c is unique
- Simple form of Bayes Theorem:

$$\pi(\theta|\mathbf{x}) \propto f(\mathbf{x}|\theta)\pi(\theta)$$

$$\text{Posterior} \propto \text{Likelihood} \times \text{Prior}$$

Normal model with normal prior

- **Model**: $X_1, \ldots, X_n \overset{iid}{\sim} N(\theta, \sigma^2)$ with σ^2 **known**
- **Prior**:
$$\theta \sim N(\mu, \tau^2)$$
- **Posterior**:
$$\begin{aligned} f(\theta|x_1, \ldots, x_n) &\propto f(x_1, \ldots, x_n|\theta, \sigma^2) f(\theta) \\ &\propto N(\theta|\mu_x, \tau_x^2) \end{aligned}$$

where
$$\frac{1}{\tau_x^2} = \frac{n}{\sigma^2} + \frac{1}{\tau^2}$$
$$\mu_x = w\bar{x} + (1 - w)\mu$$

and
$$w = \frac{\frac{n}{\sigma^2}}{\frac{n}{\sigma^2} + \frac{1}{\tau^2}}$$

Classical conjugate families

Model $f(\boldsymbol{x}\mid\theta)$	Prior $\pi(\theta)$	Posterior $\pi(\theta\mid\boldsymbol{x})$
Poisson(θ)	Gamma$(\alpha,\ \lambda)$	Gamma$(\alpha + n\overline{X},\ \lambda + n)$
Binomial(k, θ)	Beta$(\alpha,\ \beta)$	Beta$(\alpha + n\overline{X},\ \beta + n(k - \overline{X}))$
Normal(θ, σ)	Normal(μ, τ)	$\text{Normal}\left(\dfrac{n\overline{X}/\sigma^2 + \mu/\tau^2}{n/\sigma^2 + 1/\tau^2}, \dfrac{1}{\sqrt{n/\sigma^2 + 1/\tau^2}}\right)$

Bayesian estimator, confidence interval and hypothesis test

- Bayesian estimator of θ:

$$\hat{\theta_B} = E(\theta|x) = \int \theta\pi(\theta|x)d\theta$$

  Posterior risk for $\hat{\theta_B}$:

$$\rho(\hat{\theta_B}) = Var(\theta|x)$$

- $[a, b]$ is a 95 % Bayesian confidence interval if

$$\boldsymbol{P}(\theta \in [a, b]|x) = \int_a^b \pi(\theta|x)d\theta = 0.95$$

- Bayesian hypothesis test $H_0 : \theta \in \Theta_0$ vs $H_A : \theta \in \Theta_A$:
  Reject H_0 if

$$\pi(\Theta_0|x) < \pi(\Theta_A|x)$$

Thank you for your attention!