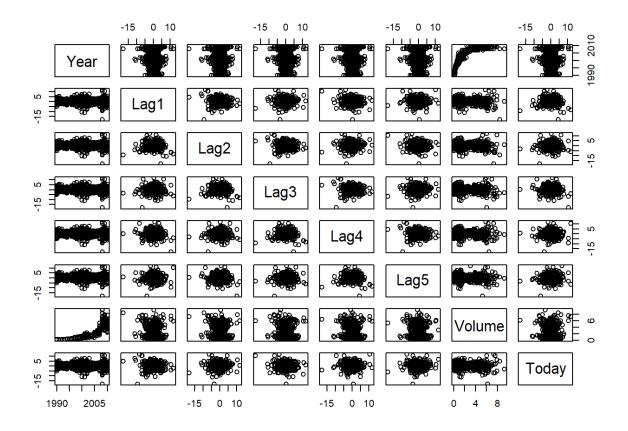
Question1-

a-

```
pairs(Weekly[ ,-9])
```



```
abs(cor(Weekly[ ,-9]))
##
                Year
                             Lag1
                                         Lag2
                                                    Lag3
                                                                 Lag4
                                                                             Lag
5
          1.00000000 0.032289274 0.03339001 0.03000649 0.031127923 0.03051910
## Year
1
          0.03228927 1.000000000 0.07485305 0.05863568 0.071273876 0.00818309
## Lag1
6
          0.03339001 0.074853051 1.00000000 0.07572091 0.058381535 0.07249948
## Lag2
2
          0.03000649\ 0.058635682\ 0.07572091\ 1.00000000\ 0.075395865\ 0.06065717
## Lag3
5
## Lag4
          0.03112792\ 0.071273876\ 0.05838153\ 0.07539587\ 1.000000000\ 0.07567502
```

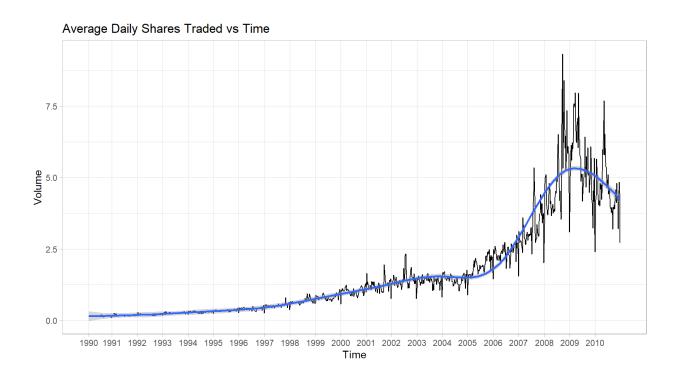
Reihaneh Moghisi

Assignment 2

RMI8300

```
0.03051910 0.008183096 0.07249948 0.06065717 0.075675027 1.00000000
## Lag5
0
  Volume 0.84194162 0.064951313 0.08551314 0.06928771 0.061074617 0.05851741
  Today 0.03245989 0.075031842 0.05916672 0.07124364 0.007825873 0.01101269
##
8
             Volume
##
                          Today
         0.84194162 0.032459894
  Year
  Lag1
         0.06495131 0.075031842
  Lag2
         0.08551314 0.059166717
         0.06928771 0.071243639
  Laq3
         0.06107462 0.007825873
  Lag4
         0.05851741 0.011012698
  Lag5
  Volume 1.00000000 0.033077783
## Today 0.03307778 1.000000000
```

There are no obvious strong relationships between the Lag variables. Although there is some trends of volume over time.



 ${f B}$ — only Lag 2 is statistically significant.

```
glm dir <- glm(Direction ~ Lag1 + Lag2 + Lag3 + Lag4 + Lag5 + Volume,
             data = Weekly,
             family = "binomial")
summary(glm dir)
##
## Call:
## glm(formula = Direction ~ Lag1 + Lag2 + Lag3 + Lag4 + Lag5 +
     Volume, family = "binomial", data = Weekly)
##
##
## Deviance Residuals:
     Min 1Q Median 3Q Max
## -1.6949 -1.2565 0.9913 1.0849 1.4579
##
## Coefficients:
            Estimate Std. Error z value Pr(>|z|)
##
## (Intercept) 0.26686 0.08593 3.106 0.0019 **
          -0.04127 0.02641 -1.563 0.1181
## Lag1
## Lag2
             0.05844 0.02686 2.175 0.0296 *
             -0.01606 0.02666 -0.602 0.5469
## Lag3
             -0.02779 0.02646 -1.050 0.2937
## Lag4
             -0.01447 0.02638 -0.549 0.5833
## Lag5
            -0.02274 0.03690 -0.616 0.5377
## Volume
## ---
## Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
##
## (Dispersion parameter for binomial family taken to be 1)
##
     Null deviance: 1496.2 on 1088 degrees of freedom
## Residual deviance: 1486.4 on 1082 degrees of freedom
## AIC: 1500.4
##
```

```
\#\# Number of Fisher Scoring iterations: 4
```

C -

The confusion matrix is shown below. The confusion matrix in caret package is used for this. It shows a poor accuracy of 56%. this prediction is based on only training set. It also shows very low specificity which means did not perform well in predicting negative class correctly.

```
predicted <- factor(ifelse(predict(glm dir, type = "response") < 0.5, "Down",</pre>
"("qU")
confusionMatrix(predicted, Weekly$Direction, positive = "Up")
## Confusion Matrix and Statistics
##
##
             Reference
## Prediction Down Up
         Down 54 48
##
         Uр
               430 557
##
##
##
                  Accuracy: 0.5611
                    95% CI: (0.531, 0.5908)
##
       No Information Rate: 0.5556
##
       P-Value [Acc > NIR] : 0.369
##
##
##
                     Kappa : 0.035
##
    Mcnemar's Test P-Value : <2e-16
##
##
               Sensitivity: 0.9207
##
##
               Specificity: 0.1116
            Pos Pred Value : 0.5643
##
            Neg Pred Value: 0.5294
                Prevalence: 0.5556
##
            Detection Rate : 0.5115
##
```

RMI8300

```
## Detection Prevalence : 0.9063
## Balanced Accuracy : 0.5161
##
## 'Positive' Class : Up
##
```

\mathbf{D} –

The accuracy of model is **0.625**.

No Information Rate: 0.5865 tells us that the largest class (Up) is 58.65% of the test observations, this is the baseline. As the Accuracy: 0.625 > 0.5865 shows a positive outcome of prediction however because the test dataset is relatively small so this might not be a meaningful improvement.

The p-value for P-Value [Acc > NIR] : 0.2439 is a one-sided test to see whether the accuracy is better than the "no information rate. And as this p-value is greater than > 0.05 we conclude that there is no significant evidence that our classifier is better than the baseline strategy.

```
Up 34 56
##
##
                 Accuracy: 0.625
##
                   95% CI: (0.5247, 0.718)
    No Information Rate: 0.5865
##
     P-Value [Acc > NIR] : 0.2439
##
##
                    Kappa : 0.1414
##
##
  Mcnemar's Test P-Value: 7.34e-06
##
            Sensitivity: 0.9180
##
              Specificity: 0.2093
##
          Pos Pred Value : 0.6222
##
          Neg Pred Value: 0.6429
##
##
               Prevalence: 0.5865
           Detection Rate : 0.5385
##
    Detection Prevalence: 0.8654
##
        Balanced Accuracy: 0.5637
##
##
##
         'Positive' Class : Up
##
```

E - Repeat (d) using LDA

```
Confusion Matrix and Statistics

##

## Reference

## Prediction Down Up

## Down 9 5

## Up 34 56

##
```

```
Accuracy: 0.625
##
                    95% CI: (0.5247, 0.718)
      No Information Rate: 0.5865
##
      P-Value [Acc > NIR] : 0.2439
##
##
                     Kappa: 0.1414
##
##
   Mcnemar's Test P-Value: 7.34e-06
##
##
              Sensitivity: 0.9180
##
              Specificity: 0.2093
##
          Pos Pred Value : 0.6222
##
           Neg Pred Value : 0.6429
##
                Prevalence: 0.5865
##
            Detection Rate: 0.5385
##
##
      Detection Prevalence: 0.8654
        Balanced Accuracy: 0.5637
##
##
         'Positive' Class : Up
##
```

The Accuracy of model is **0.625**. Same as above, the P-Value [Acc > NIR] : 0.2439 > 0.05, so although the accuracy of the classifier is 0.625 > 0.5865, with the same logic that the test sample size is not large enough and therefore the increase in accuracy is not statistically significant enough over the baseline.

F- Repeat using QDA.

```
qda_dir <- qda(Direction ~ Lag2, data = train)
predicted_qda <- predict(qda_dir, newdata = test)</pre>
```

```
confusionMatrix(data = predicted qda$class,
                reference = test$Direction,
                positive = "Up")
## Confusion Matrix and Statistics
##
            Reference
##
## Prediction Down Up
        Down 0 0
##
        Up 43 61
##
##
                  Accuracy: 0.5865
##
                    95% CI: (0.4858, 0.6823)
##
      No Information Rate: 0.5865
##
      P-Value [Acc > NIR] : 0.5419
##
##
##
                     Kappa : 0
##
   Mcnemar's Test P-Value: 1.504e-10
##
##
               Sensitivity: 1.0000
##
               Specificity: 0.0000
##
            Pos Pred Value : 0.5865
##
            Neg Pred Value : NaN
##
                Prevalence: 0.5865
##
##
            Detection Rate: 0.5865
      Detection Prevalence: 1.0000
##
         Balanced Accuracy: 0.5000
##
##
          'Positive' Class : Up
##
```

Here we get an Accuracy of **0.5865**. with no-information rate of 58% and p-value 0.54. the accuracy and no-information rate are equal and specificity o and sensitivity 1 illustrate that this model follows naïve classifier.

G- Repeat using KNN

the confusion matrix:

```
confusionMatrix(data = predicted knn,
               reference = test$Direction,
               positive = "Up")
## Confusion Matrix and Statistics
##
            Reference
## Prediction Down Up
       Down 21 30
##
##
       Up 22 31
##
##
                 Accuracy: 0.5
                   95% CI: (0.4003, 0.5997)
##
     No Information Rate: 0.5865
##
     P-Value [Acc > NIR] : 0.9700
##
##
                    Kappa : -0.0033
##
##
   Mcnemar's Test P-Value : 0.3317
##
##
##
           Sensitivity: 0.5082
            Specificity: 0.4884
##
          Pos Pred Value : 0.5849
##
          Neg Pred Value : 0.4118
##
##
               Prevalence: 0.5865
##
           Detection Rate : 0.2981
     Detection Prevalence: 0.5096
##
        Balanced Accuracy: 0.4983
##
##
```

Reihaneh Moghisi Assignment 2 RMI8300 ## 'Positive' Class : Up

Here we get an accuracy of **0.5**, which is again worse than the baseline.

H- Which of these methods appears to provide the best results on this data?

Considering the accuracy as the measurement of performance: LDA & Logistic Regression get the same test accuracy of **0.625**, so these two are best classifiers in this case.

I – combined predictors, interactions, transformations

```
ctrl <- trainControl(method = "repeatedcv",</pre>
                    number = 5,
                     repeats = 5)
set.seed(111)
knn train <- train(y = train$Direction,</pre>
                   x = train[, -8],
                  method = "knn",
                   metric = "Accuracy",
                   preProcess = c("center", "scale"),
                   tuneGrid = expand.grid(k = seq(1, 50, 2)),
                   trControl = ctrl)
caret::varImp(knn train)
## ROC curve variable importance
##
##
   Importance
## Lag1 100.000
## Lag2 77.256
## Lag5 64.309
```

RMI8300

```
## Year 45.659

## Volume 43.735

## Week 42.513

## Lag4 4.578

## Lag3 0.000
```

```
knn train
## k-Nearest Neighbors
##
## 985 samples
## 8 predictor
## 2 classes: 'Down', 'Up'
##
## Pre-processing: centered (8), scaled (8)
## Resampling: Cross-Validated (5 fold, repeated 5 times)
## Summary of sample sizes: 788, 788, 788, 788, 788, 787, ...
## Resampling results across tuning parameters:
##
##
    k Accuracy
                  Kappa
   1 0.4947996 -0.020756148
##
    3 0.5232477 0.031373990
##
    5 0.5230292 0.028769372
##
    7 0.5372435 0.053353378
##
    9 0.5372415 0.049612758
##
##
    11 0.5343834 0.040819116
    13 0.5346081 0.037598994
##
    15 0.5368437 0.040363712
##
    17 0.5317675
                  0.026161027
##
    19 0.5301555 0.021608137
##
##
    21 0.5370622 0.033488872
    23 0.5330064 0.024861594
##
##
    25 0.5401182 0.036317004
```

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Assignment 2

RMI8300

```
27 0.5376693 0.029998090
##
##
  29 0.5321890 0.015868622
## 31 0.5338310 0.018687256
##
   33 0.5360563 0.021431639
    35 0.5322138 0.012669022
##
    37 0.5283538 0.002535516
##
   39 0.5330239 0.011432961
##
##
   41 0.5289589 0.002400751
##
  43 0.5295618 0.003081904
## 45 0.5299700 0.003587628
  47 0.5303854 0.003745293
##
  49 0.5320056 0.005552184
##
##
## Accuracy was used to select the optimal model using the largest value.
## The final value used for the model was k = 25.
```

Evaluating the performance of this new model on test:

```
knn pred <- predict(knn train, newdata = test)</pre>
confusionMatrix(data = knn pred,
                reference = test$Direction,
               positive = "Up")
## Confusion Matrix and Statistics
##
##
            Reference
## Prediction Down Up
        Down 19 20
##
        Up 24 41
##
##
##
                  Accuracy: 0.5769
##
                    95% CI : (0.4761, 0.6732)
     No Information Rate: 0.5865
##
```

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Assignment 2

RMI8300

```
P-Value [Acc > NIR] : 0.6193
##
##
##
                     Kappa : 0.1156
##
##
   Mcnemar's Test P-Value: 0.6511
##
##
               Sensitivity: 0.6721
               Specificity: 0.4419
##
            Pos Pred Value : 0.6308
##
##
            Neg Pred Value : 0.4872
##
                Prevalence: 0.5865
##
            Detection Rate: 0.3942
      Detection Prevalence: 0.6250
##
         Balanced Accuracy: 0.5570
##
##
##
          'Positive' Class : Up
##
```

Although the accuracy increased from k=1 but we are still below the baseline.

Another combination is using the interaction term of Lag1 and Lag2. The results below shows still very poor accuracy of 55% over baseline.

```
glm(formula = Direction ~ Lag1 * Lag2 + Lag3 + Lag4 + Lag5 +
   Volume, family = "binomial", data = Weekly)
Deviance Residuals:
   Min 1Q Median 3Q
                                 Max
-1.6176 -1.2590 0.9893 1.0852
                               1.5367
Coefficients:
          Estimate Std. Error z value Pr(>|z|)
(Intercept) 0.268646 0.086017 3.123 0.00179 **
        -0.036253 0.028227 -1.284 0.19903
Lag1
Lag2
         0.057800 0.027025 2.139 0.03246 *
Lag3
          -0.029814 0.026775 -1.113 0.26550
Lag4
         -0.014385 0.026380 -0.545 0.58553
Lag5
Volume
         -0.023317 0.036951 -0.631 0.52802
Lag1:Lag2 0.003475 0.006891 0.504 0.61410
(Dispersion parameter for binomial family taken to be 1)
```

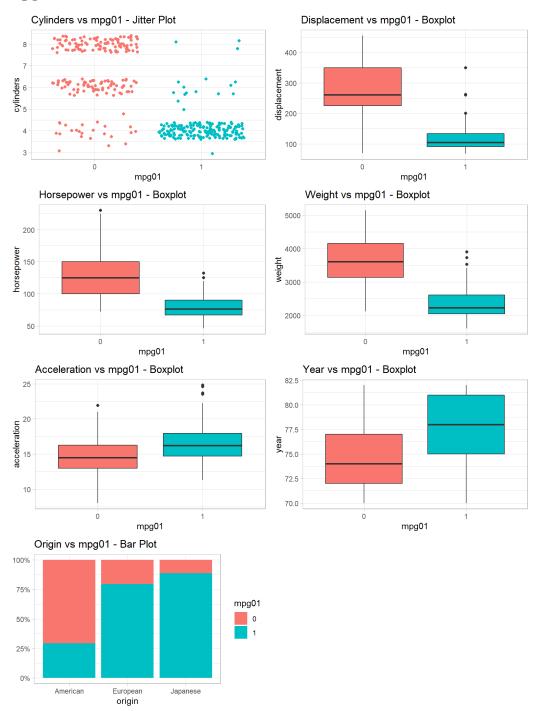
```
Null deviance: 1496.2 on 1088 degrees of freedom
Residual deviance: 1486.1 on 1081 degrees of freedom
AIC: 1502.1
Number of Fisher Scoring iterations: 4
Confusion Matrix and Statistics
         Reference
Prediction Down Up
     Down 51 48
     Up 433 557
              Accuracy: 0.5583
                95% CI: (0.5282, 0.5881)
   No Information Rate : 0.5556
   P-Value [Acc > NIR] : 0.4399
                 Kappa : 0.0283
 Mcnemar's Test P-Value : <2e-16
           Sensitivity: 0.9207
           Specificity: 0.1054
         Pos Pred Value: 0.5626
        Neg Pred Value : 0.5152
            Prevalence: 0.5556
         Detection Rate : 0.5115
   Detection Prevalence: 0.9091
     Balanced Accuracy: 0.5130
       'Positive' Class : Up
```

Question 2-

\mathbf{A} –

```
Auto$mpg01 <- factor(as.numeric(Auto$mpg > median(Auto$mpg)))
table(Auto$mpg01)
##
## 0 1
## 196 196
```

B — Although the exact associations cant be extracted from graphical plots but we can poor; y conclude that cylinders, displacement & weight are the three strongest predictors of mpg01. Horsepower, year and acceleration look weaker predictors of mpg01.



C-

```
set.seed(444)
index <- createDataPartition(y = Auto$mpg01, p = 0.5, list = F)

train <- Auto[index, ]

test <- Auto[-index, ]

nrow(train) / nrow(Auto)
## [1] 0.5</pre>
```

D-

We use the top 4 strongest predictors I identified visually (cylinders, displacement, weight & horsepower).

It shows that the model is doing great in predicting the dependent variable much better than baseline.

The test error is 0.12244

train (cross-validation) error:

```
1 - lda_mpg$results$Accuracy # cv error
## [1] 0.09125731
```

test error:

```
predicted_lda <- predict(lda_mpg, newdata = test, type = "raw") # as opposed
to type = "prob"

mean(predicted_lda != test$mpg01)
## [1] 0.122449</pre>
```

E-

In this case, QDA appears to perform better than LDA with respect to test error, and slightly better in terms of CV error.

train (cross-validation) error:

```
1 - qda_mpg$results$Accuracy
## [1] 0.08991228
```

test error:

```
predicted_qda <- predict(qda_mpg, newdata = test, type = "raw")

mean(predicted_qda != test$mpg01)

## [1] 0.1173469</pre>
```

F-

We can see here that Logistic Regression performs better than LDA & QDA with respect to CV error & test error.

```
set.seed(3)
```

train (cross-validation) error:

```
1 - log_mpg$results$Accuracy
## [1] 0.1084405
```

test error:

```
predicted_log <- predict(log_mpg, newdata = test, type = "raw")

mean(predicted_log != test$mpg01)

## [1] 0.1173469</pre>
```

G- The optimal value chosen was K = 7, although this model performed close to Logistic Regression in CV error, and slightly worse in test error.

It is observed that all classifiers with larger values for K (from 10 to 73) get the same cross-validation accuracy scores. This can be due to the fact that those KNN models make the same prediction.

```
RMI8300
## k-Nearest Neighbors
##
## 196 samples
    4 predictor
##
    2 classes: '0', '1'
##
##
## Pre-processing: centered (4), scaled (4)
  Resampling: Cross-Validated (10 fold, repeated 3 times)
## Summary of sample sizes: 176, 177, 176, 176, 176, 176, ...
## Resampling results across tuning parameters:
##
    k Accuracy Kappa
##
     1 0.8779532 0.7554422
##
     4 0.8999805 0.7995964
##
     7 0.9033138 0.8062631
##
##
    10 0.9033138 0.8062631
    13 0.9033138 0.8062631
##
    16 0.9033138 0.8062631
##
    19 0.9033138 0.8062631
##
    22 0.9033138 0.8062631
##
##
    25 0.9033138 0.8062631
    28 0.9033138 0.8062631
##
    31 0.9033138 0.8062631
##
    34 0.9033138 0.8062631
##
##
    37 0.9033138 0.8062631
    40 0.9033138 0.8062631
##
    43 0.9033138 0.8062631
##
    46 0.9033138 0.8062631
##
     49 0.9033138 0.8062631
##
     52 0.9033138 0.8062631
##
    55 0.9033138 0.8062631
##
##
    58 0.9033138 0.8062631
    61 0.9033138 0.8062631
##
```

Reihaneh Moghisi

Assignment 2

RMI8300

```
## 64 0.9049805 0.8095964

## 70 0.9049805 0.8095964

## 70 0.9066472 0.8129297

## 73 0.9100682 0.8197621

## 76 0.9083138 0.8162631

## 79 0.9084016 0.8164288

## 82 0.9067349 0.8130955

## 85 0.9034016 0.8065072

##

## Accuracy was used to select the optimal model using the largest value.

## The final value used for the model was k = 73.
```

train (cross-validation) error:

```
## [1] 0.08993177
```

test error:

```
## [1] 0.1122449
```

Question 3:

A –

```
Power <- function() {
    2^3
}

Power()
## [1] 8</pre>
```

B –

```
Power2 <- function(x, a) {
   x^a
}</pre>
```

```
Power2(3, 8)
## [1] 6561
```

\mathbf{C} –

```
Power2(10, 3)
## [1] 1000
```

8 17:

```
Power2(8, 17)
## [1] 2.2518e+15
```

131 3:

```
Power2(131, 3)
## [1] 2248091
```

D-

```
Power3 <- function(x, a) {
   result <- x^a
   result
}

Power3(3, 8)
## [1] 6561</pre>
```

\mathbf{E} –

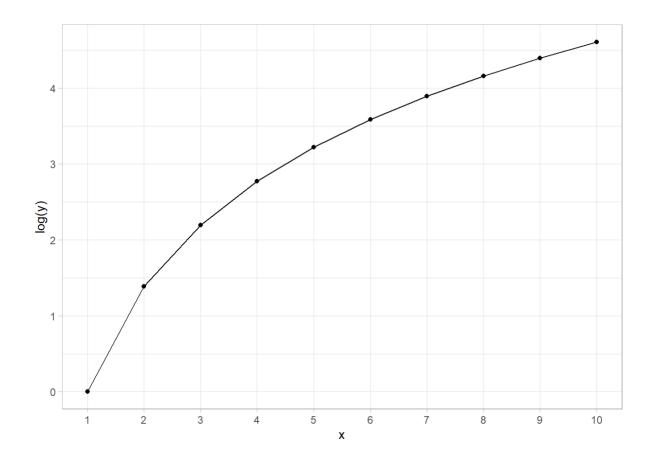
```
data.frame(x = 1:10, y = Power3(1:10, 2)) %>%

ggplot(aes(x = x, y = log(y))) +

geom_point() +

geom_line() +

scale_x_continuous(breaks = 1:10, minor_breaks = NULL)
```



F-

```
PlotPower <- function(x, a, col = "black") {
    ggplot(mapping = aes(x = x, y = x^a)) +
        geom_point(col = col) +
        geom_line(col = col) +
        scale_x_continuous(labels = scales::comma_format()) +
        scale_y_continuous(labels = scales::comma_format()) +
        theme_light() +
        labs(title = paste0("Plot of f(x) = x^", as.character(a), " (for x betwee n ", min(x), " and ", max(x), ")"),
        subtitle = "Created using the 'PlotPower()' function")
}</pre>
```

I test the PlotPower () function for two examples below. I also added acol argument to change the colour, and made the title auto-generate to display the function and range.

PlotPower(1:20, 3)

Plot of $f(x) = x^3$ (for x between 1 and 20)

Created using the 'PlotPower()' function

6,000

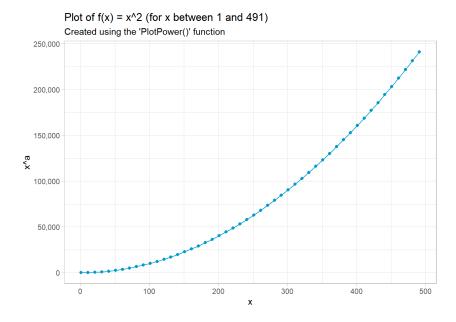
2,000

5,0

10,0

15,0

20,0



Question 4:

Reihaneh Moghisi

Assignment 2

RMI8300

First, I'll overwrite the crime rate variable (crim) with a binary factor variable, which takes the value 1 when crim is above the median, else 0.

Then I start by fitting all 4 model types, using all predictors each time.

Instead of train/test split, I used using cross-validation to evaluate performance of accuracy (10-fold, repeated 5 times).

From the results we can see that KNN performed the best. Losgistic regression was the second highest accuracy followed by QDA and LDA.

Changing the crime variable:

```
Boston$crim <- factor(ifelse(Boston$crim > median(Boston$crim), 1, 0))
```

Cross validation:

Logistic Regression:

```
##
## No pre-processing
## Resampling: Cross-Validated (10 fold, repeated 5 times)
## Summary of sample sizes: 456, 455, 456, 454, 456, 456, ...
## Resampling results:
##
## Accuracy Kappa
## 0.9028549 0.8057423
```

LDA:

```
set.seed(2)
lda crim <- train(crim ~ .,</pre>
                 data = Boston,
                method = "lda",
                trControl = ctrl)
lda crim
## Linear Discriminant Analysis
##
## 506 samples
## 13 predictor
## 2 classes: '0', '1'
##
## No pre-processing
## Resampling: Cross-Validated (10 fold, repeated 5 times)
## Summary of sample sizes: 456, 455, 456, 456, 455, 454, ...
## Resampling results:
##
## Accuracy Kappa
## 0.8498998 0.6996644
```

QDA:

```
set.seed(3)
qda crim <- train(crim ~ .,
                data = Boston,
                method = "qda",
                trControl = ctrl)
qda crim
## Quadratic Discriminant Analysis
##
## 506 samples
## 13 predictor
## 2 classes: '0', '1'
##
## No pre-processing
## Resampling: Cross-Validated (10 fold, repeated 5 times)
## Summary of sample sizes: 456, 456, 455, 455, 456, ...
## Resampling results:
##
## Accuracy Kappa
## 0.8894561 0.7788975
```

KNN:

```
trControl = ctrl,
                tuneGrid = expand.grid(k = seq(1, 20, 2)))
knn crim
## k-Nearest Neighbors
##
## 506 samples
## 13 predictor
## 2 classes: '0', '1'
##
## Pre-processing: centered (13), scaled (13)
## Resampling: Cross-Validated (10 fold, repeated 5 times)
## Summary of sample sizes: 455, 456, 456, 455, 455, 456, ...
## Resampling results across tuning parameters:
##
##
    k Accuracy Kappa
     1 0.9145970 0.8292052
##
     3 0.9181104 0.8362439
##
     5 0.9153345 0.8306748
##
     7 0.9047128 0.8094000
##
     9 0.8779164 0.7557756
##
    11 0.8664404 0.7327928
##
    13 0.8664323 0.7327720
##
    15 0.8703940 0.7407136
##
##
    17 0.8684169 0.7367859
##
    19 0.8648404 0.7296460
##
## Accuracy was used to select the optimal model using the largest value.
## The final value used for the model was k = 3.
```