formular sheet

Z-tests

Single Population: X_1, \ldots, X_n i.i.d. $N(\mu, \sigma^2)$, where σ is known

Parameter of Interest: $\theta = \mu$ Point estimator: $\hat{\theta} = \overline{X}$

Standard error: s.e. $\{\hat{\theta}\} = \frac{\sigma}{\sqrt{n}}$

Two Independent Populations: X_{11}, \ldots, X_{1n_1} i.i.d. $N(\mu_1, \sigma_1^2)$, where σ_1 is known X_{21},\ldots,X_{2n_2} i.i.d. $N(\mu_2, \sigma_2^2)$, where σ_2 is known

Parameter of Interest: $\theta = \mu_1 - \mu_2$ Point estimator: $\hat{\theta} = \overline{X}_1 - \overline{X}_2$

Standard error: s.e. $\{\hat{\theta}\} = \sqrt{\frac{\sigma_1^2}{n_1} + \frac{\sigma_2^2}{n_2}}$

Test Form (C) $H_0: \theta = \theta_0 \text{ vs. } H_1: \theta > \theta_0$

Equivalent Decision Rules:

(i) Using a rejection region for θ :

Decision Rule: If $\hat{\theta} > \theta_0 + z_{\alpha}$ s.e. $\{\hat{\theta}\}$, then reject H_0 .

(ii) <u>Using a test statistic</u>: Define the z-statistic to be $z^* = \frac{\ddot{\theta} - \theta_0}{s \in {\hat{l}}\hat{\theta}}$.

Decision Rule: If $z^* > z_{\alpha}$, then reject H_0 .

(iii) Using a p-value: The p-value of this z-test is

 $p = P[Z > z^*] = 1 - \Phi(z^*)$

= the probability that a N(0,1) random variable would achieve a value $> z^*$.

If this is small, then the data do not support $H_0 \Rightarrow \frac{\hat{\theta} - \theta_0}{\text{s.e.}\{\hat{\theta}\}}$ is NOT N(0,1).

Decision Rule: If $p < \alpha$, then reject H_0 .

(iv) Using a C.I.: Construct a $100(1-\alpha)\%$ one-sided lowerbound z-interval for θ :

$$(L, \infty) = (\hat{\theta} - z_{\alpha} \text{ s.e.} \{\hat{\theta}\}, \infty).$$

Draw case with $\theta_0 < L$:

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 \Rightarrow If $\alpha = 0.05$, we are 95% confident that $\theta > \theta_0$

 \Rightarrow Reject H_0 at the 0.05 significance level.

Draw case with $\theta_0 > L$:

1 95% Confidentified the me is 0>00

 \Rightarrow If $\alpha = 0.05$, we CANNOT be 95% confident that $\theta > \theta_0$ since it could be $L < \theta < \theta_0$

 \Rightarrow Fail to Reject H_0 at the 0.05 significance level.

Decision Rule: If θ_0 is NOT in the CI, then reject H_0 .

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Test Form (B) $H_0: \theta = \theta_0$ vs. $H_1: \theta < \theta_0$

Equivalent Decision Rules:

(i) Using a rejection region for $\hat{\theta}$:

Decision Rule: If $\hat{\theta} < \theta_0 - z_0$ s.e. $\{\hat{\theta}\}$, then reject H_0 .

(ii) Using a test statistic:

Decision Rule: If $z^* < -z_{\alpha}$, then reject H_0 .

(iii) Using a p-value: The p-value of this z-test is

$$p = P[Z < z^*] = \Phi(z^*)$$

= the probability that a N(0,1) random variable would achieve a value $< z^*$.

Decision Rule: If $p < \alpha$, then reject H_0 .

(iv) Using a C.I.: Construct a $100(1-\alpha)\%$ one-sided upperbound z-interval for θ :

$$(-\infty, U) = (-\infty, \hat{\theta} + z_{\alpha} \text{ s.e.} \{\hat{\theta}\}).$$

Draw case with $\theta_0 > U$:

Draw case with $\theta_0 < U$:

Decision Rule: If θ_0 is NOT in the C.I., then reject H_0 .

Test Form (A) $H_0: \theta = \theta_0$ vs. $H_1: \theta \neq \theta_0$

Equivalent Decision Rules:

(i) Using a rejection region for $\hat{\theta}$:

Decision Rule: If $\hat{\theta} > \theta_0 + z_{\alpha/2}$ s.e. $\{\hat{\theta}\}$ or $\hat{\theta} < \theta_0 - z_{\alpha/2}$ s.e. $\{\hat{\theta}\}$, then reject H_0 .

(ii) Using a test statistic:

Decision Rule: If $|z^*| > z_{\alpha/2}$, then reject H_0 .

(iii) Using a p-value: The p-value of this z-test is

$$p = P[Z < -|z^*|] + P[Z > |z^*|] = 2P[Z > |z^*|] = 2(1 - \Phi(|z^*|))$$

= the probability that a N(0,1) random variable would achieve a value $< z^*$.

Decision Rule: If $p < \alpha$, then reject H_0 .

(iv) Using a C.I.: Construct a $100(1-\alpha)\%$ two-sided z-interval for θ : $(L, U) = \hat{\theta} \pm z_{\alpha/2}$ s.e. $\{\hat{\theta}\}$.

Draw case with $\theta_0 < L$ (or $\theta_0 > U$):

Draw case with $L < \theta_0 < U$:

Decision Rule: If θ_0 is NOT in the C.I., then reject H_0 .

Single Population: X_1, \ldots, X_n i.i.d. $N(\mu, \sigma^2)$, where both μ and σ are unknown

Parameter of Interest: $\theta = \mu$; Point estimator: $\hat{\theta} = X$

Standard error: s.e. $\{\hat{\theta}\} = \frac{\delta}{\sqrt{n}}$ t-distribution d.f.: v = n - 1

Two Independent Populations: X_{11}, \ldots, X_{1n_1} i.i.d. $N(\mu_1, \sigma_1^2)$, both μ_1 and σ_1 are unknown X_{21}, \ldots, X_{2n_2} i.i.d. $N(\mu_2, \sigma_2^2)$, both μ_2 and σ_2 are unknown

Parameter of Interest: $\theta = \mu_1 - \mu_2$; Point estimator: $\hat{\theta} = \overline{X}_1 - \overline{X}_2$

Standard error: $(\sigma_1 = \sigma_2)$ s.e. $\{\hat{\theta}\} = S_p \sqrt{\frac{1}{n_1} + \frac{1}{n_2}}$; $(\sigma_1 \neq \sigma_2)$ s.e. $\{\hat{\theta}\} = \sqrt{\frac{S_1^2}{n_1} + \frac{S_2^2}{n_2}}$

t-distribution d.f.: $(\sigma_1 = \sigma_2)$ $v = n_1 + n_2 - 2$; $(\sigma_1 \neq \sigma_2)$ v = messy formula from Ch. 9

Test Form (C) $H_0: \theta = \theta_0 \text{ vs. } H_1: \theta > \theta_0$

(i) Using a rejection region for $\hat{\theta}$: Decision Rule: If $\hat{\theta} > \theta_0 + t_{\alpha, v}$ s.e. $\{\hat{\theta}\}$, then reject H_0 .

(ii) <u>Using a test statistic</u>: Define the *t*-statistic to be $t^* = \frac{\theta - \theta_0}{\text{s.e.}\{\hat{\theta}\}}$.

Decision Rule: If $t^* > t_{\alpha, v}$, then reject H_0 .

(iii) Using a p-value: (Software) $p = P[T > t^*]$, where $T \sim t(v)$. If $p < \alpha$, then reject H_0 .

(iv) Using a C.I.: Construct a $100(1-\alpha)\%$ one-sided lowerbound t-interval for θ :

$$(L, \infty) = (\hat{\theta} - t_{\alpha, v} \text{ s.e.} \{\hat{\theta}\}, \infty).$$

Decision Rule: If θ_0 is NOT in the CI, then reject H_0 .

Test Form (B) $H_0: \theta = \theta_0 \text{ vs. } H_1: \theta < \theta_0$

(i) Using a rejection region for $\hat{\theta}$: Decision Rule: If $\hat{\theta} < \theta_0 - t_{\alpha, v}$ s.e. $\{\hat{\theta}\}$, then reject H_0 .

(ii) Using a test statistic: Decision Rule: If $t^* < -t_{\alpha, v}$, then reject H_0 .

(iii) Using a p-value: (Software) $p = P[T < t^*]$, where $T \sim t(v)$. If $p < \alpha$, then reject H_0 .

(iv) Using a C.I.: Construct a $100(1-\alpha)\%$ one-sided upperbound t-interval for θ :

$$(-\infty, U) = \left(-\infty, \hat{\theta} + t_{\alpha, v} \text{ s.e.}\{\hat{\theta}\}\right).$$

Decision Rule: If θ_0 is NOT in the C.I., then reject H_0 .

Test Form (A) $H_0: \theta = \theta_0 \text{ vs. } H_1: \theta \neq \theta_0$

(i) Using a rejection region for $\hat{\theta}$:

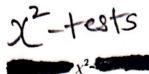
Decision Rule: If $\hat{\theta} > \theta_0 + t_{\alpha/2, v}$ s.e. $\{\hat{\theta}\}$ or $\hat{\theta} < \theta_0 - t_{\alpha/2, v}$ s.e. $\{\hat{\theta}\}$, then reject H_0 .

(ii) Using a test statistic: Decision Rule: If $|t^*| > t_{\alpha/2, v}$, then reject H_0 .

(iii) Using a p-value: (Software) $p = 2P[T > |t^*|]$, where $T \sim t(v)$. If $p < \alpha$, then reject H_0 .

(iv) Using a C.I.: Construct a $100(1-\alpha)\%$ two-sided t-interval for θ : $(L, U) = \hat{\theta} \pm t_{\alpha/2, v}$ s.e. $\{\hat{\theta}\}$.

Decision Rule: If θ_0 is NOT in the C.I., then reject H_0 .



Single Population: X_1, \ldots, X_n i.i.d. $N(\mu, \sigma^2)$, where both μ and σ are unknown Parameter of Interest: σ^2 ; Point estimator: S^2 ; χ^2 -distribution d.f.: n-1

Test Form (C) $H_0: \sigma^2 = \sigma_0^2 \text{ vs. } H_1: \sigma^2 > \sigma_0^2$

- (i) Using a rejection region for S^2 : Decision Rule: If $S^2 > \frac{\sigma_0^2}{n-1} \chi_{\alpha, n-1}^2$, then reject H_0 .
- (ii) Using a test statistic: Define the χ^2 -statistic to be $\chi^2_* = \frac{(n-1)s^2}{\sigma_0^2}$.

Decision Rule: If $\chi^2_{\bullet} > \chi^2_{\alpha, n-1}$, then reject H_0 .

- (iii) Using a p-value: (Software) $p = P[Y > \chi^2]$, where $Y \sim \chi^2(n-1)$. If $p < \alpha$, then reject H_0 .
- (iv) Using a C.I.: Construct a $100(1-\alpha)\%$ one-sided lowerbound χ^2 -interval for σ^2 :

$$(L, \infty) = \left(\frac{(n-1)s^2}{\chi^2_{\alpha, n-1}}, \infty\right).$$

Decision Rule: If σ_0^2 is NOT in the CI, then reject H_0 .

Test Form (B) $H_0: \sigma^2 = \sigma_0^2 \text{ vs. } H_1: \sigma^2 < \sigma_0^2$

- (i) Using a rejection region for S^2 : Decision Rule: If $S^2 < \frac{\sigma_0^2}{n-1} \chi_{1-\alpha, n-1}^2$, then reject H_0 .
- (ii) Using a test statistic: Decision Rule: If $\chi^2_* < \chi^2_{1-\alpha, n-1}$, then reject H_0 .
- (iii) Using a p-value: (Software) $p = P[Y < \chi_*^2]$, where $Y \sim \chi^2(n-1)$. If $p < \alpha$, then reject H_0 .
- (iv) Using a C.I.: Construct a $100(1-\alpha)\%$ one-sided upperbound χ^2 -interval for σ^2 :

$$(0, U) = \left(0, \frac{(n-1)s^2}{\chi^2_{1-\alpha, n-1}}\right).$$

Decision Rule: If σ_0^2 is NOT in the C.I., then reject H_0 .

Test Form (A) $H_0: \sigma^2 = \sigma_0^2 \text{ vs. } H_1: \sigma^2 \neq \sigma_0^2$

(i) Using a rejection region for S^2 :

Decision Rule: If $S^2 > \frac{\sigma_0^2}{n-1} \chi_{\alpha/2, n-1}^2$ or $S^2 < \frac{\sigma_0^2}{n-1} \chi_{1-\alpha/2, n-1}^2$, then reject H_0 .

- (ii) Using a test statistic: Decision Rule: If $\chi^2_* > \chi^2_{\alpha/2, n-1}$ or $\chi^2_* < \chi^2_{1-\alpha/2, n-1}$, then reject H_0 .
- (iii) Using a p-value: (Software) If $s^2 \ge \sigma_0^2$, then $p = 2P[Y > \chi_*^2]$, otherwise $p = 2P[Y < \chi_*^2]$, where $Y \sim \chi^2(n-1)$. If $p < \alpha$, then reject H_0 .
- (iv) Using a C.I.: Construct a $100(1-\alpha)\%$ two-sided χ^2 -interval for σ^2 :

$$(L, U) = \left(\frac{(n-1)s^2}{\chi^2_{\alpha/2, n-1}}, \frac{(n-1)s^2}{\chi^2_{1-\alpha/2, n-1}}\right).$$

Decision Rule: If σ_0^2 is NOT in the C.I., then reject H_0 .

F-tests

Two Independent Populations: X_{11}, \ldots, X_{1n_1} i.i.d. $N(\mu_1, \sigma_1^2)$, both μ_1 and σ_1 are unknown X_{21}, \ldots, X_{2n_2} i.i.d. $N(\mu_2, \sigma_2^2)$, both μ_2 and σ_2 are unknown

Parameter of Interest: $\frac{\sigma_1^2}{\sigma_2^2}$; Point estimator: $\frac{S_1^2}{S_2^2}$

F-distribution d.f.: (numerator) $v_1 = n_1 - 1$; (denominator) $v_2 = n_2 - 1$

Test Form (C) $H_0: \sigma_1^2 = \sigma_2^2 \supset \sigma_1^2/\sigma_2^2 = 1$ vs. $H_1: \sigma_1^2 > \sigma_2^2$ $G_1^2/G_2^2 > 1$

(i) Using a test statistic: Define the F-statistic to be $F_* = \frac{s_1^2}{s_1^2}$

Decision Rule: If $F_* > f_{\alpha, n_1-1, n_2-1}$, then reject H_0 .

(ii) Using a p-value: (Software) $p = P[F > F_*]$, where $F \sim F(v_1, v_2)$. If $p < \alpha$, then reject H_0 .

(iii) Using a C.I.: Construct a $100(1-\alpha)\%$ one-sided lowerbound F-interval for $\frac{\sigma_1^2}{\sigma_2^2}$:

$$(L, \infty) = \left(\frac{s_1^2}{s_2^2} f_{1-\alpha, n_2-1, n_1-1}, \infty\right).$$

is NOT in the CI, then reject H_0 . Decision Rule: If

Test Form (B) $H_0: \sigma_1^2 = \sigma_2^2 \text{ vs. } H_1: \sigma_1^2 < \sigma_2^2$

(i) Using a test statistic:

Decision Rule: If $F_* < f_{1-\alpha, n_1-1, n_2-1}$, then reject H_0 .

(ii) Using a p-value: (Software) $p = P[F < F_*]$, where $F \sim F(v_1, v_2)$. If $p < \alpha$, then reject H_0 .

(iii) Using a C.I.: Construct a $100(1-\alpha)\%$ one-sided upperbound F-interval for $\frac{\sigma_1^2}{\sigma_2^2}$:

$$(0, U) = \left(0, \frac{s_1^2}{s_2^2} f_{\alpha, n_2-1, n_1-1}\right).$$

is NOT in the C.I., then reject H_0 . Decision Rule: If

Test Form (A) $H_0: \ \sigma_1^2 = \sigma_2^2 \text{ vs. } H_1: \ \sigma_1^2 \neq \sigma_2^2$

(i) Using a test statistic:

Decision Rule: If $F_* > f_{\alpha/2, n_1-1, n_2-1}$ or $F_* < f_{1-\alpha/2, n_1-1, n_2-1}$, then reject H_0 .

(ii) Using a p-value: (Software) If $s_1^2 \ge s_2^2$, then $p = 2P[F > F_*]$, otherwise $p = 2P[F < F_*]$, where $F \sim F(v_1, v_2)$. If $p < \alpha$, then reject H_0 .

(iii) Using a C.I.: Construct a $100(1-\alpha)\%$ two-sided F-interval for $\frac{\sigma_1^2}{\sigma_2^2}$:

$$(L, U) = \left(\frac{s_1^2}{s_2^2} f_{1-\alpha/2, n_2-1, n_1-1}, \frac{s_1^2}{s_2^2} f_{\alpha/2, n_2-1, n_1-1}\right).$$

is NOT in the C.I., then reject H_0 . Decision Rule: If

