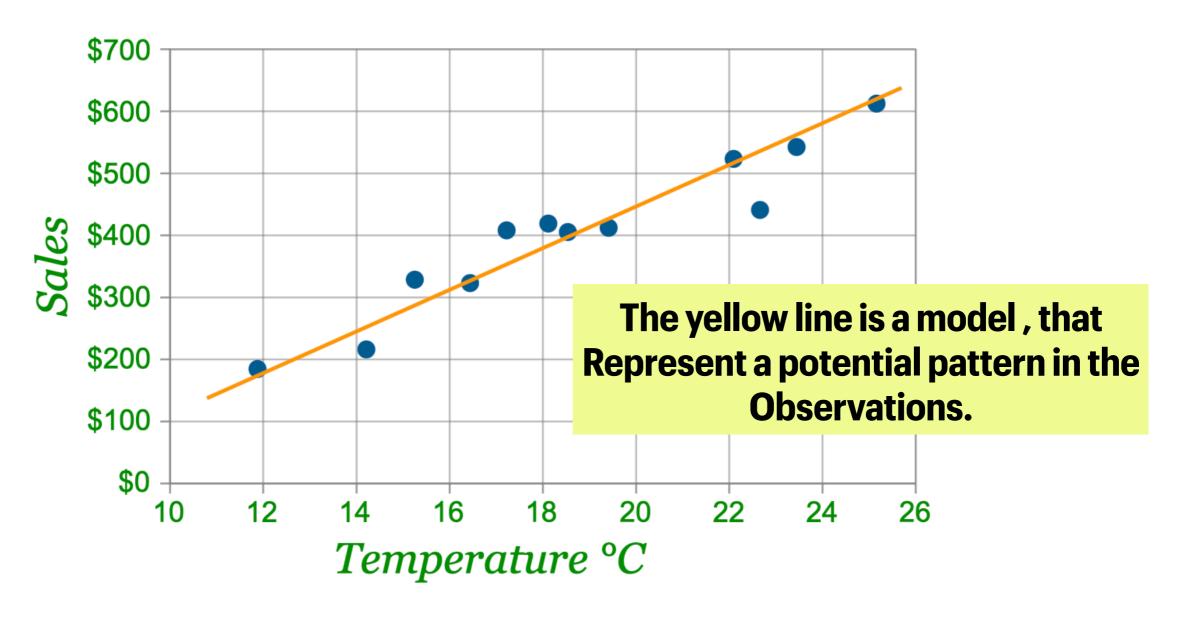


SALES OF ICE-CREAMS IN THE SUMMER



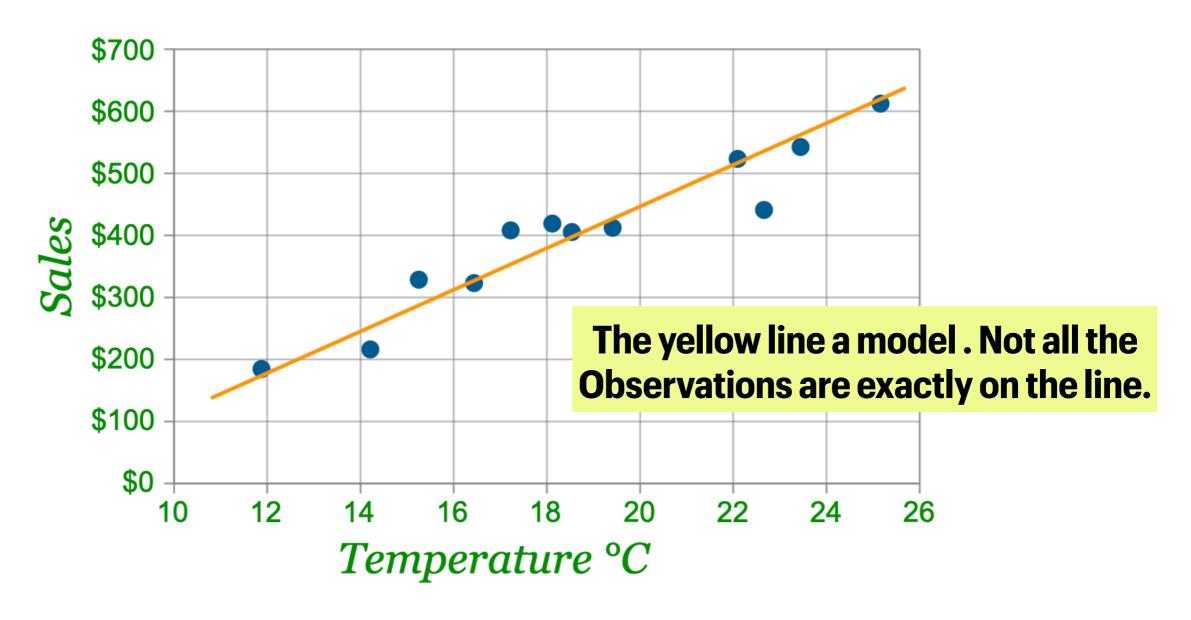
If I have captured the sales of screams and the temperature in degree C. Could I possibly predict the sales of ice-cream?

The blue dots match some observed sales against the sales



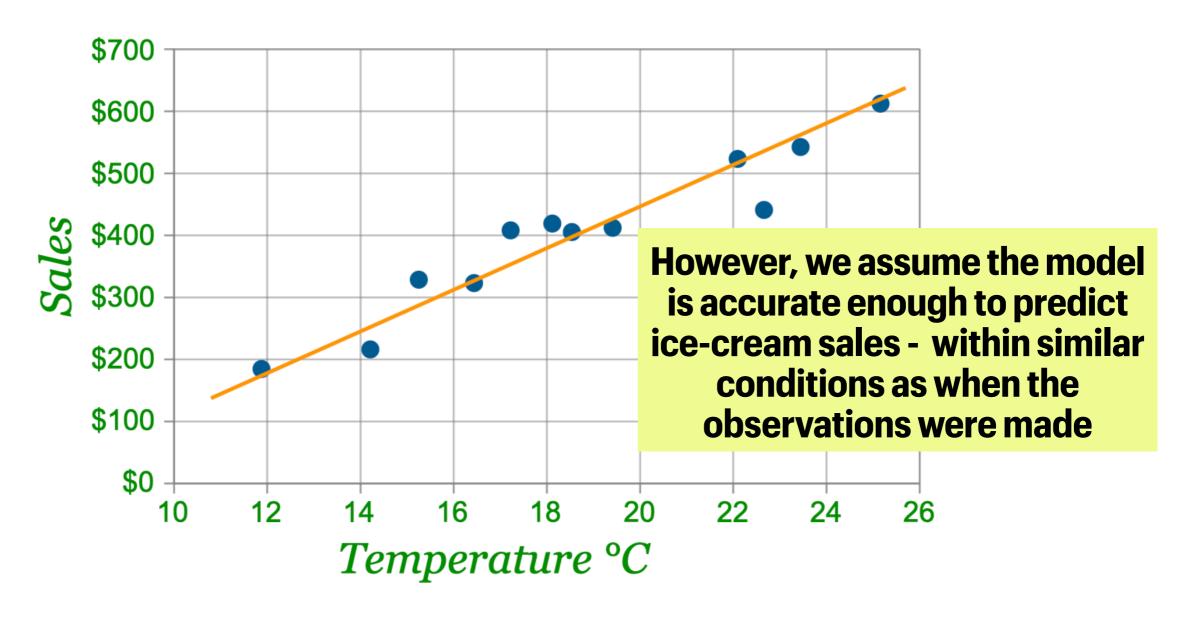
This is a fictitious data

The blue dots match some observed sales against the sales



This is a fictitious data

The blue dots match some observed sales against the sales



This is a fictitious data

DATA = MODEL + ERROR

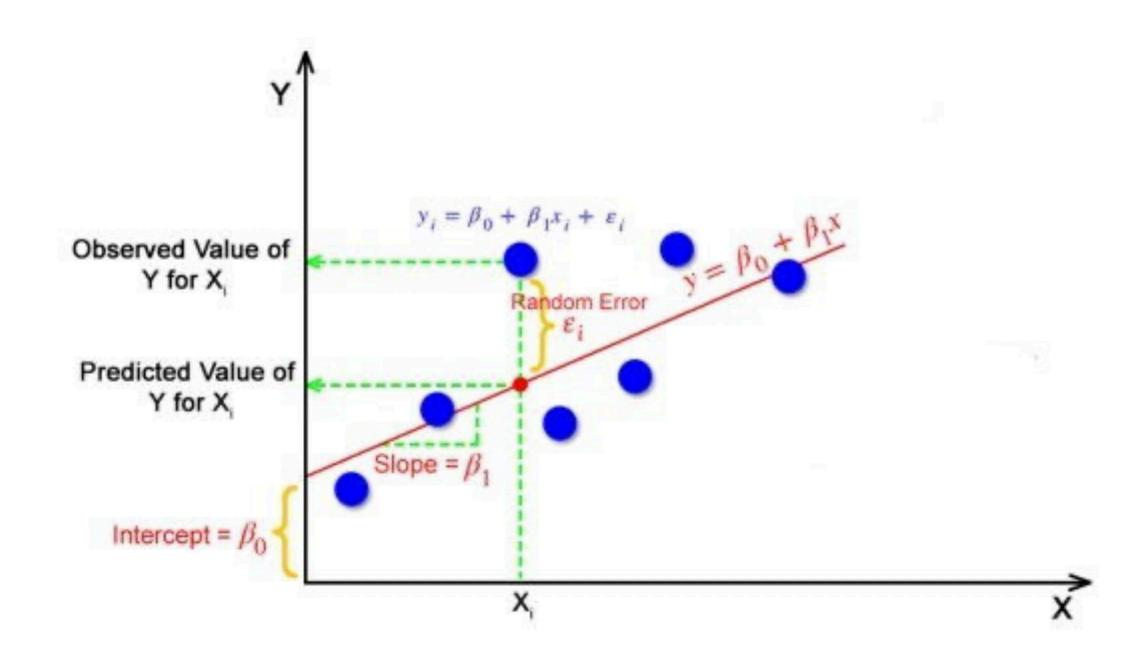
Models

Models capture the nature of some data as simply as possible. The basic structure of a statistical model considers data as the sum of a model and some errors.

$$data = model + error$$

- The model expresses the values we expect the data to be take given our knowledge.
- The error reflects the differences between the model's prediction and the observed data.

ANILLUSTRATION

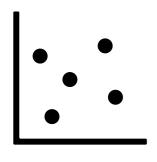


HOW CAN WE LEARN A MODEL?



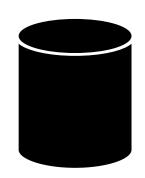
LEARNING ALGORITHM





Neural AI Regression

Neural network



Supervised learning

Regression line

Decision Tree

Model fitting

General linear model

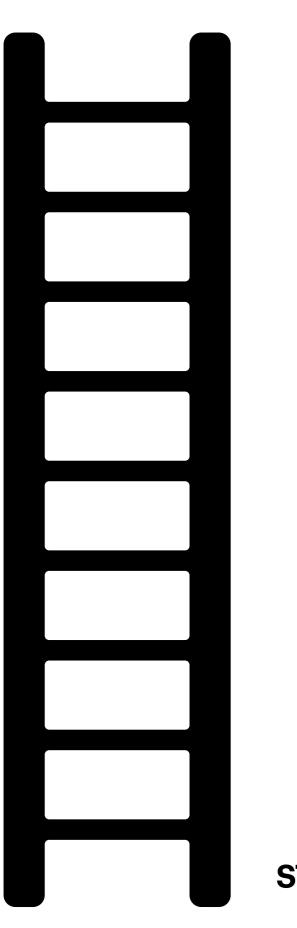


Probabilistic model



Statistical model





STEP 4 - LEARNING OR MODEL FITTING
STEP 3 - PREPARE DATA FOR LEARNING
STEP 2- CLEAN AND PREPARE DATA
STEP 1 - EXPLORE THE DATA

HOW CAN MEASURE THE QUALITY OF A MODEL

1. Apply the model on a dataset

2. Compare the predicted values against known expected values.

3. Compute some metrics

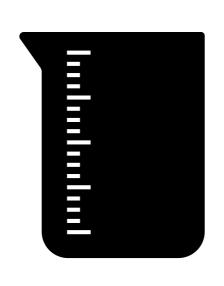
EXPECTED VALUE

PREDICTED VALUE



THREE DATASETS:







TRAINING

VALIDATION

TEST

Measures of quality

The measures of quality for a predictive model are expressed using two performance metric referred as *precision*, *recall*, *and accuracy*. These metrics are probabilities computed using the following mathematical formulae.

Accuracy describes how the model perform across *all* classes (True and False). <u>It adds</u> the diagonal values of a confusion matrix and divide by the total of possible outcomes.

$$Accuracy = \frac{TP + TN}{TP + TN + FP + FN}$$

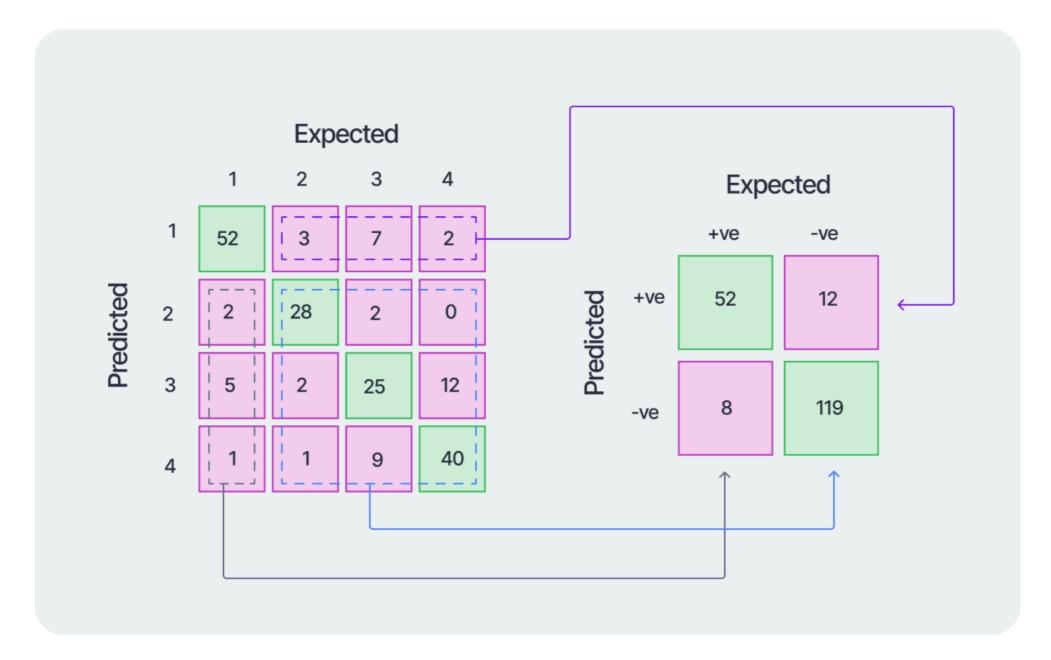
Precision measures the model's accuracy in prediction the True class as a sample. It reflects how reliable the model is in classifying samples as positive. It is a probability based on the class columns the confusion matrix (green cells). The precision can be computed for each class.

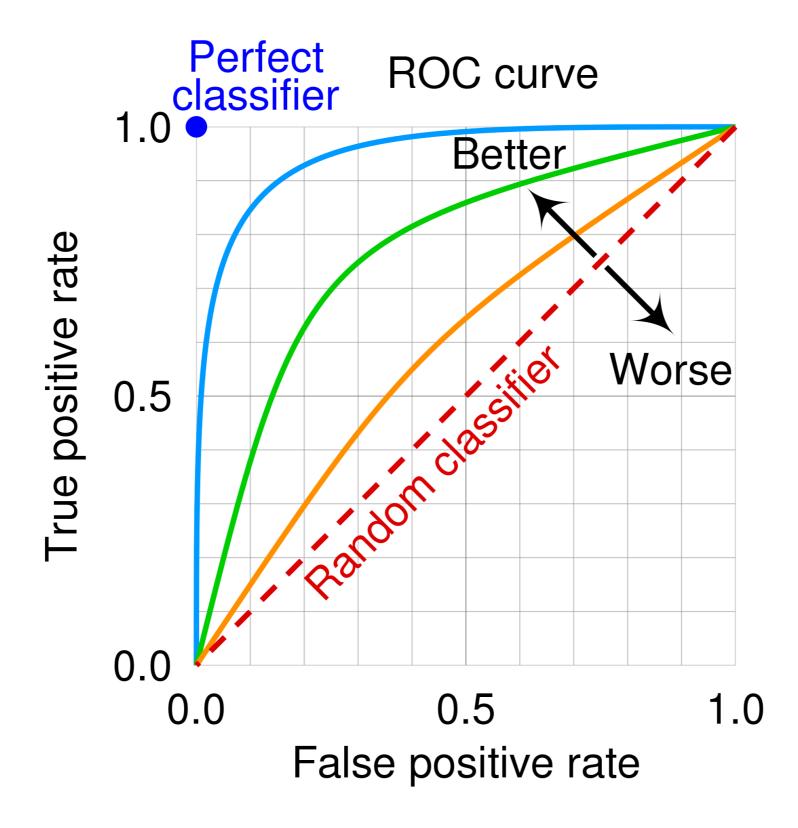
$$Precision = \frac{TP}{TP + FP}$$

Recall is the probability to detect positive classes. It can be calculated for each class. It is a probability is obtained by dividing the true positive by the sum of the true positive and false negative; i.e., the class row of the confusion matrix.

$$Recall = \frac{TP}{TP + FN}$$

CONFUSION MATRIX





DATA AND LARGE AMOUNT OF IT SUPPORTS MACHINE LEARNING

TWO EXAMPLES

Predicting inspection outcome - Chicago food inspection dataset

The data has some repeated patterns

The data appears to have some dependent statistical variables.

Many of the data may have some clusters or strong relationship between them.

We achieve 100 percent accuracy.

Find the notebook

Predicting surviving the Titanic disaster

The data no clear repeated patterns.

The data appears to have some observations with a lot of complexity.

The data is quite small.

It is hard to achieve more than 80% in models, with machine learning.

Find the notebook