Python II - Practice exam 1

35V3A1-Computational Aspects in Econometrics

Introduction

The description on TestVision will read something as follows:

On the next page you will find the four questions of the Python II module that you will have to implement correctly for a total maximum of 7 + 7 + 19 + 17 = 50 points.

Use the following (MANDATORY) template for your answers, and upload it on the next page: python-ii-template.

Apart from correctly solving the problems, your submission is also assessed on the other usual "Good coding" criteria, such as efficiency, hard coding, DRY, single responsibility, coding style & documentation, KISS.

Packages seen in the course materials are included in the template.

```python
# Import any packages needed
import numpy as np
import scipy.optimize as optimize
import scipy.stats as stats
from scipy.optimize import linprog
import matplotlib.pyplot as plt
```

Question 1 [7 pts]

Consider the linear minimization problem

$$
\begin{array}{llrcrcl}
\text{min} & z = & 30x_1 & + & 20x_2 & & \\
\text{s.t.} & & 2x_1 & + & 2x_2 & \leq & 8 \\
 & & x_1 & - & 2x_2 & \leq & 6 \\
 & & x_1 & & & \geq & 0 \\
 & & & & x_2 & \in & \mathbb{R} = (-\infty, \infty)
\end{array}
$$

Implement this problem using the `linprog` function, and print the optimal solution (x_1, x_2) found by `linprog` (which should be $[0, -3]$).

Question 2 [7 pts]

Write a function `quantities()` that takes as input a one-dimensional array $x \in \mathbb{R}^n$, and a two-dimensional $n \times n$ array $A \in \mathbb{R}^{n \times n}$ where the entry at position (i, j) is denoted by a_{ij} for $i, j = 0, \dots, n-1$. It should output the following two quantities:

- The elements of the matrix A ordered from smallest to largets in every row.
- The quantity $\sum_{i=0}^{n-1} \sum_{j=0}^{n-1} a_{ij}(x_i x_j)^2$.

Do not use for-loops, if- or while-statements.

For $x = [-1, 1, 2]$ *and* $A = [[-5, -10, 9], [1, 3, 0], [2, 1, 4]]$*, the outputs should be* $[[-10, -5, 9], [0, 1, 3], [1, 2, 4]]$ *and* 101*, respectively.*

Question 3 [5 + 3 + 8 + 3 = 19 pts]

For n identically and independently distributed (i.i.d.) random variables $X_0, \dots, X_{n-1}$ with common cumulative density function (cdf) $F : \mathbb{R} \to [0,1]$ and probability density function (pdf) $f : \mathbb{R} \to \mathbb{R}_{\geq 0}$, the probability density function (pdf) of the random variable $X_{\text{max}} = \max\{X_0, \dots, X_{n-1}\}$ is given by

$$f_{\text{max}}(x) = n \cdot f(x) \cdot F(x)^{n-1}$$

a) **[5 pts]** Write a function `pdf_max` that takes as input a continuous probability distribution (a `stats.rv_continuous` object), integer $n \in \mathbb{N}$ and number $x \in \mathbb{R}$. It should output the number $f_{\text{max}}(x)$.

b) **[3 pts]** Test your function on a normal distribution with mean 4 and standard deviation 2, $n = 5$ and $x = 6$. *The answer should be* ≈ 0.30.

c) **[8 pts]** The expected value of X_{max} for a distribution supported on an interval $[a, b]$ is given by

$$\int_a^b x f_{\text{max}}(x) \mathrm{d}x$$

For a given vector $x = [x_0, \dots, x_k]$ with $x_0 = a$ and $x_k = b$, we can approximate this integral by the sum

$$\sum_{i=0}^{k-1} (x_{i+1} - x_i) \cdot x_i f_{\text{max}}(x_i).$$

Write a function `expectation_max` that takes as input a vector $x = [x_0, \dots, x_k]$, a continuous probability distribution (a `stats.rv_continuous` object) supported on $[x_0, x_k]$, and an integer $n \in \mathbb{N}$. It should output the summation above. Do not use for-loops, if- or while-statements.

d) **[3 pts]** Test your function on a uniform distribution on the interval $[6, 10]$ for $n = 3$ and 500 (i.e., $k = 499$) points in the interval $[6, 10]$. *The answer should be* ≈ 8.97.

Question 4 [11 + 1 + 5 = 17 pts]

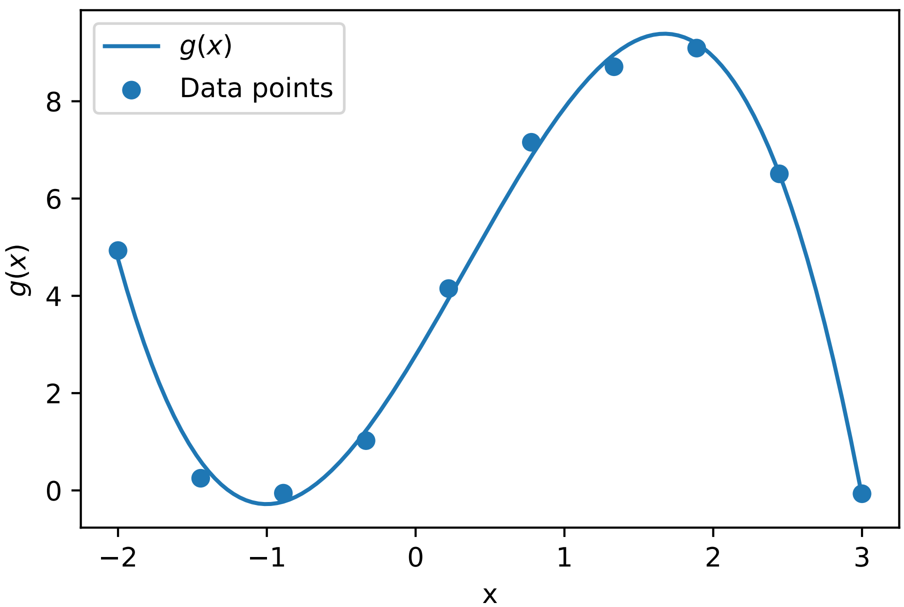
For data points $(x_i, y_i) \in \mathbb{R}^2$, consider the nonlinear regression model $y_i = f(x_i, \beta) + \epsilon_i$ where $\beta = [\beta_0, \dots, \beta_{d-1}]$ with

$$f(x, \beta) = \sum_{j=0}^{d-1} \beta_j x^j.$$

a) **[11 pts]** Write a function `polynomial_fit` that takes as input an $m \times 2$ matrix D of m data points, with one point (x_i, y_i) on every row, and an integer $d \in \mathbb{N}$. It should output the vector β that best fits the data using `least_squares`, i.e., the vector that solves $\min_\beta \sum_{i=0}^{m-1} (y_i - f(x_i, \beta))^2$ (this formula is only mentioned to recall what `least_squares` does). As initial guess for `least_squares` you should take the all-ones vector. You may use a for-loop in your solution, but points will be deducted for this.

b) **[1 pts]** Test your function on the input data in the template, and $d = 4$, that prints the optimal vector β that was found. *The solution should be* $\approx [2.77, 5.08, 1.02, -1.01]$.

c) **[5 pts]** Plot the data points and the polynomial $g(x) = f(x, \beta) = \sum_{j=0}^{d-1} \beta_j x^j$ on the interval $[-2, 3]$ where β is the vector found in part b). *Take* $\beta = [3, 5, -1, 1]$ *if the testing in part b) did not work. Your figure should look like the one below.*



$g(x)$
Data points
8
6
4
2
0
$g(x)$
−2
−1
0
1
2
3
x