

HW9

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Q1

Let X_1, \dots, X_n be iid exponential(θ) and let $\hat{\theta}_n \equiv \bar{X}_n \equiv \sum_{i=1}^n X_i/n$ denote the MLE based on X_1, \dots, X_n .

a)

Determine the limiting distribution of $\sqrt{n}(\hat{\theta}_n - \theta)$ as $n \rightarrow \infty$.

Answer

As given, X_1, \dots, X_n are iid with $X_i \sim \text{Exponential}(\theta)$.

This is a known distribution, such that:

$$\mathbb{E}[X_i] = \theta$$

And:

$$\text{Var}(X_i) = \theta^2$$

By the Central Limit Theorem, we also know:

$$\sqrt{n}(\bar{X}_n - \theta) \xrightarrow{d} N(0, \theta^2)$$

Substituting values, we get our limiting distribution:

$$\sqrt{n}(\hat{\theta}_n - \theta) \xrightarrow{d} N(0, \theta^2)$$

b)

Find a variance stabilizing transformation (VST) for $\{\hat{\theta}_n\}$ and use this to determine a large sample confidence interval for θ with approximate confidence coefficient $1 - \alpha$.

Answer

As given, $X_1, \dots, X_n \stackrel{iid}{\sim} \text{Exp}(\theta)$. Given this distribution, we know it's MLE due to meeting the regularity conditions of the CRLB, such that: $\hat{\theta}_n = \bar{X}_n$.

From part a), we know the limiting distribution is given by:

$$\sqrt{n}(\hat{\theta}_n - \theta) \xrightarrow{d} N(0, \theta^2)$$

We arrive at a VST by using the Delta Method.

To that end, define a continuous function $g(\cdot)$:

$$\sqrt{n}(g(\hat{\theta}_n) - g(\theta)) \xrightarrow{d} N(0, [g'(\theta)]^2 \theta^2)$$

Where:

$$[g'(\theta)]^2 \theta^2 = 1$$

Isolating the function g' , by taking square root, we have:

$$g'(\theta) = \frac{1}{\theta}$$

And integrating to solve for g :

$$g(\theta) = \log \theta + C$$

Where $C = 0$ for our purposes.

Thus, a VST via the Delta Method is:

$$\sqrt{n}(\log \hat{\theta}_n - \log \theta) \xrightarrow{d} N(0, 1)$$

Then, for a large sample confidence interval, we may invert the test to get an approximate $1 - \alpha$ confidence interval for $\log(\theta)$:

$$\left(\log(\hat{\theta}_n) \pm \frac{z_{\alpha/2}}{\sqrt{n}} \right)$$

Where $z_{\alpha/2}$ is the $1 - \alpha/2$ standard normal quantile, and taking advantage of symmetry in the standard normal distribution (and further noting we go in order of $(L = \frac{\alpha}{2}, U = 1 - \frac{\alpha}{2})$ for the confidence interval that follows, as we have an increasing function with respect to θ).

To then isolate into just an expression of θ then, we have a confidence interval for θ with approximate confidence coefficient $1 - \alpha$ given by:

$$\left(\hat{\theta}_n \exp \left(-\frac{z_{\alpha/2}}{\sqrt{n}} \right), \hat{\theta}_n \exp \left(\frac{z_{1-\alpha/2}}{\sqrt{n}} \right) \right)$$

Note: We may simplify further, noting that $\hat{\theta}_n = \bar{X}_n$

Substituting this into the above formula, we then have an equivalent expression of the confidence interval as:

$$\left(\bar{X}_n \exp \left(-\frac{z_{\alpha/2}}{\sqrt{n}} \right), \bar{X}_n \exp \left(\frac{z_{1-\alpha/2}}{\sqrt{n}} \right) \right)$$

And noting the use of (instead of [given the use of “approximate coverage”.

Calculating this explicitly:

```
x_bar <- 1.835464
n <- 100
z_90 <- qnorm(0.95)

lower_vst <- x_bar * exp(-z_90 / sqrt(n))
upper_vst <- x_bar * exp(z_90 / sqrt(n))

c(lower_vst, upper_vst)
```

```
## [1] 1.557079 2.163620
```

A large sample confidence interval for θ with approximate confidence coefficient $1 - \alpha$ is $\theta \in (1.557079, 2.163620)$.

Q3

Suppose X_1, \dots, X_n are a random sample with common cdf given by

$$P(X_1 \leq x|\theta) = \begin{cases} 1 - e^{-(x/\theta)^2} & \text{if } x > 0 \\ 0 & \text{otherwise,} \end{cases} \quad \theta > 0$$

a)

Use the Mood-Graybill-Boes Method to derive a CI for θ with C.C. $1 - \alpha$ based on the statistic $X_{(1)} = \min_{1 \leq i \leq n} X_i$.

Answer

Since X_1, \dots, X_n are a random sample with common cdf, they are iid, such that we may write:

$$P(X_{(1)} \leq x) = 1 - P(X_1 > x, \dots, X_n > x) = 1 - (P(X_1 > x))^n$$

With the cdf as given this simplifies:

$$P(X_1 > x) = 1 - P(X_1 \leq x|\theta) = 1 - (1 - e^{-(x/\theta)^2}) = e^{-(x/\theta)^2}$$

By the definition of $X_{(1)}$ then:

$$P(X_{(1)} \leq x) = 1 - e^{-n(x/\theta)^2}$$

Let:

$$V = n \left(\frac{X_{(1)}}{\theta} \right)^2 \rightarrow P(V \leq v) = 1 - e^{-v}$$

The above cdf is from an Exponential distribution!

So, $V \sim \text{Exponential}(1)$, and V is a pivotal quantity.

We require quantiles of the Exponential(1) distribution in order to form confidence intervals.

Let q_p denote the p -th quantile of the Exponential(1) distribution.

We want coverage coefficient:

$$P_\theta (q_{\alpha/2} \leq V \leq q_{1-\alpha/2}) = 1 - \alpha$$

In terms of θ , solving:

$$q_{\alpha/2} \leq n \left(\frac{X_{(1)}}{\theta} \right)^2 \leq q_{1-\alpha/2} \rightarrow \sqrt{\frac{q_{\alpha/2}}{n}} \leq \frac{X_{(1)}}{\theta} \leq \sqrt{\frac{q_{1-\alpha/2}}{n}}$$

After some more algebra, we have:

$$\theta \in \left(\frac{X_{(1)}}{\sqrt{q_{1-\alpha/2}/n}}, \frac{X_{(1)}}{\sqrt{q_{\alpha/2}/n}} \right)$$

I believe the proof may end here, so leaving some space before continuing...

We may simplify further with a note:

By definition, the p -th quantile q_p satisfies the expression:

$$P(X \leq q_p) = p$$

Substituting the given cdf:

$$F(q_p) = p \rightarrow 1 - e^{-q_p} = p$$

Rearranging:

$$e^{-q_p} = 1 - p \rightarrow -q_p = \log(1 - p) \rightarrow q_p = -\log(1 - p)$$

So, we may write the p -th quantile q_p of an Exponential(1) random variable as:

$$q_p = -\log(1 - p)$$

So, taking our CI for θ given above, we may then write:

For a confidence coefficient of $1 - \alpha$, we have:

$$q_{1-\alpha/2} = -\log(\alpha/2)$$

And:

$$q_{\alpha/2} = -\log(1 - \alpha/2)$$

Substituting into the above interval calculation:

$$\theta \in \left(\frac{X_{(1)}}{\sqrt{\frac{-\log(\alpha/2)}{n}}}, \frac{X_{(1)}}{\sqrt{\frac{-\log(1-\alpha/2)}{n}}} \right)$$

Which is equivalent to:

$$\theta \in \left(X_{(1)} \sqrt{\frac{n}{-\log(\alpha/2)}}, X_{(1)} \sqrt{\frac{n}{-\log(1-\alpha/2)}} \right)$$

b)

Use the Mood-Graybill-Boes Method to derive a CI for θ with C.C. $1 - \alpha$ based on the statistic $T = \sum_{i=1}^n X_i^2$. Express your confidence interval using chi-squared quantiles.

Note: One can show X_i^2 is Exponential(θ^2) distributed so that $2T/\theta^2$ is χ_{2n}^2 distributed with $2n$ degrees of freedom.

Answer

As given, we know:

$$X_i^2 \sim \text{Exponential}(\theta^2)$$

Note:

$$T = \sum_{i=1}^n X_i^2 \rightarrow T \sim \text{Gamma}(n, \theta^2)$$

Using the above note, let:

$$T = \sum_{i=1}^n X_i^2 \rightarrow \frac{2T}{\theta^2} \sim \chi_{2n}^2$$

Where T is a pivotal quantity.

Regarding the coverage coefficient, we define:

$$P_{\theta} \left(\chi_{2n, \alpha/2}^2 \leq \frac{2T}{\theta^2} \leq \chi_{2n, 1-\alpha/2}^2 \right) = 1 - \alpha$$

Solving for θ^2 :

$$\frac{2T}{\chi_{2n, 1-\alpha/2}^2} \leq \theta^2 \leq \frac{2T}{\chi_{2n, \alpha/2}^2} \rightarrow \sqrt{\frac{2T}{\chi_{2n, 1-\alpha/2}^2}} \leq \theta \leq \sqrt{\frac{2T}{\chi_{2n, \alpha/2}^2}}$$

Thus, the confidence interval for θ is:

$$\left(\sqrt{\frac{2 \sum_{i=1}^n X_i^2}{\chi_{2n, 1-\alpha/2}^2}}, \sqrt{\frac{2 \sum_{i=1}^n X_i^2}{\chi_{2n, \alpha/2}^2}} \right)$$

With the desired coverage $1 - \alpha$.