

The Clean Thesis Style

Ricardo Langner

August 26, 2015
Version: My First Draft

Clean Thesis Style University

Clean**Thesis**

Department of Clean Thesis Style

Institut for Clean Thesis Dev

Clean Thesis Group (CTG)

Documentation

The Clean Thesis Style

Ricardo Langner

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Documentation, August 26, 2015

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Abstract

Hello, here is some text without a meaning. This text should show what a printed text will look like at this place. If you read this text, you will get no information. Really? Is there no information? Is there a difference between this text and some nonsense like “Huardest gefburn”? Kjift – not at all! A blind text like this gives you information about the selected font, how the letters are written and an impression of the look. This text should contain all letters of the alphabet and it should be written in of the original language. There is no need for special content, but the length of words should match the language.

Abstract (different language)

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Acknowledgement

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Introduction

“ You can’t do better design with a computer, but you can speed up your work enormously.

— Wim Crouwel

(Graphic designer and typographer)

And after the second paragraph follows the third paragraph. Hello, here is some text without a meaning. This text should show what a printed text will look like at this place. If you read this text, you will get no information. Really? Is there no information? Is there a difference between this text and some nonsense like “Huardest gefburn”? Kjift – not at all! A blind text like this gives you information about the selected font, how the letters are written and an impression of the look. This text should contain all letters of the alphabet and it should be written in of the original language. There is no need for special content, but the length of words should match the language. Hello, here is some text without a meaning. This text should show what a printed text will look like at this place. If you read this text, you will get no information. Really? Is there no information? Is there a difference between this text and some nonsense like “Huardest gefburn”? Kjift – not at all! A blind text like this gives you information about the selected font, how the letters are written and an impression of the look. This text should contain all letters of the alphabet and it should be written in of the original language. There is no need for special content, but the length of words should match the language.

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1.1 Postcards: My Address

Ricardo Langner

Alfred-Schrapel-Str. 7

01307 Dresden

Germany

1.2 Motivation and Problem Statement

Hello, here is some text without a meaning. This text should show what a printed text will look like at this place. If you read this text, you will get no information. Really? Is there no information? Is there a difference between this text and some nonsense like “Huardest gefburn”? Kjift – not at all! A blind text like this gives you information about the selected font, how the letters are written and an impression of the look. This text should contain all letters of the alphabet and it should be written in of the original language. There is no need for special content, but the length of words should match the language.

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[Jür00; Jür95; Mie11a; KJUM11; App10a; App10b; App10c]

1.3 Results

After this fourth paragraph, we start a new paragraph sequence. Hello, here is some text without a meaning. This text should show what a printed text will look like at this place. If you read this text, you will get no information. Really? Is there no information? Is there a difference between this text and some nonsense like “Huardest gefburn”? Kjift – not at all! A blind text like this gives you information about the selected font, how the letters are written and an impression of the look. This text should contain all letters of the alphabet and it should be written in of the original language. There is no need for special content, but the length of words should match the language. Hello, here is some text without a meaning. This text should show what a printed text will look like at this place. If you read this text, you will get no information. Really? Is there no information? Is there a difference between this text and some nonsense like “Huardest gefburn”? Kjift – not at all! A blind text like this gives you information about the selected font, how the letters are written and an impression of the look. This text should contain all letters of the alphabet and it should be written in of the original language. There is no need for special content, but the length of words should match the language.

1.3.1 Some References

[@Fre10; @Mie11b]

1.4 Thesis Structure

Chapter ??

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Chapter 3

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Multiple time series forecasting using ensembles of quasi-randomized functional link neural networks

2.1 Introduction

The goal of ensemble learning is to combine two or more individual statistical/machine learning models - the base models or base learners - into one, in order to obtain an ensemble model, with an improved out-of-sample error over the base models.

Ensemble learning is widely used in the winning solutions of machine learning competitions. It allows to achieve very good performances indeed, at the expense of being relatively less interpretable than the base learners.

As a consequence, choosing to use ensemble models or a base model for solving a given problem, could sometimes be seen as finding a trade-off between the desire for interpretability and the desire for an highly increased performance. That said, some techniques such as variable importance for ensemble of trees, can give a sense of which predictor contributes the most to the performance of the model.

In this paper, we apply two popular ensemble learning methods to multiple time series forecasting: Bootstrap aggregating (cite Efron), known as bagging and stacked generalization (cite Wolpert), known as stacking. The base learners that we use, are the quasi-random vector functional link neural networks introduced in Moudiki et al. (2017).

In the next section, we give an overview of the base learners. Then, we describe how we use these models as the basic components of our bagged/stacked ensembles. To finish, we present some numerical examples of use of these new models for forecasting multiple time series.

2.2 Description of the base models

The model described in Moudiki et al. (2017) is a single layer feed forward neural networks (SLFN). We have an output variable $y \in \mathbb{R}^n$, which has to be explained by a set of observed predictors $X^{(j)} \in \mathbb{R}^n, j \in \{1, \dots, p\}$. The RVFL networks that we use to explain y is described for $i \in \{1, \dots, n\}$ as:

$$y_i = \beta_0 + \sum_{j=1}^p \beta_j X_i^{(j)} + \sum_{l=1}^L \gamma_l g \left(\sum_{j=1}^p W^{(j,l)} X_i^{(j)} \right) + \epsilon_i$$

Where g is the *activation function*, L the number of nodes in the hidden layer, $W^{(j,l)}$ are elements of the hidden layer, and the parameters β_j and γ_l are to be learned from the observed data $X^{(j)}, j \in \{1, \dots, p\}$. The ϵ_i 's are the residual differences between the output variable values and the RVFL model.

This type of model can be seen as a one explaining y_i , by finding a compromise between linear and potentially non-linear effects of the original predictors $X^{(j)}$ and transformed predictors

$$\Phi(\mathbf{X})^{(l)} = g \left(\sum_{j=1}^p W^{(j,l)} X_i^{(j)} \right)$$

$\{1, \dots, L\}$ on the response. In this paper, we use the Rectified Linear Units activation function, known as ReLU

$$g : x \mapsto \max(x, 0)$$

But other choices of activation functions, such as the sigmoid function or the hyperbolic tangent (or others) can be envisaged.

The elements $W^{(j,l)}$ of the hidden layer are taken from a quasi-random (deterministic) *sobol* sequence on $[0, 1]$, which is shifted in such a way that they belong to $[-1, 1]$. Solving for the optimal β_j 's and γ_l 's is done by searching these parameters, in restricted regions where we have:

$$\sum_{j=1}^p \beta_j^2 \leq u$$

and

$$\sum_{l=1}^L \gamma_l^2 \leq v$$

for $u, v \in \mathbb{R}^*$. That is, by applying a regularization to these unknown parameters.

Now, if we consider $p \in \mathbb{N}^*$ time series $(X_t^{(j)})_{t \geq 0}, j = 1, \dots, p$, observed at $n \in \mathbb{N}^*$ discrete dates. We are interested in obtaining simultaneous forecasts of the p time series at time $n + h, h \in \mathbb{N}^*$, by allowing each of the p variables to be influenced by the others. We use $k < n$ lags of each of the observed p time series. So that, the output variables to be explained are:

$$Y^{(j)} = \left(X_n^{(j)}, \dots, X_{n-k+1}^{(j)} \right)^T \quad (2.1)$$

for $j \in \{1, \dots, p\}$. Where $X_n^{(j)}$ is the most contemporaneous observed value of the j^{th} time series, and $X_{n-k+1}^{(j)}$ was observed k dates earlier in time for $(X_t^{(j)})_{t \geq 0}$. These output variables are stored in a matrix:

$$\mathbf{Y} \in \mathbb{R}^{(n-k) \times p}$$

and the predictors are stored in a matrix:

$$\mathbf{X} \in \mathbb{R}^{(n-k) \times (k \times p)}$$

where \mathbf{X} consists in p blocks of k lags, for each one of the observed p time series.

An additional layer of transformed predictors is added to \mathbf{X} , in order to capture the potentially non-linear interactions between the predictors and the output variable. Adding the transformed predictors to the original ones, leads to a new matrix of predictors with dimensions $(n - k) \times (k \times p + L)$, where L is the number of nodes in the hidden layer.

We let y be the j_0^{th} column (out of p) of the response matrix \mathbf{Y} , and $\Phi(\mathbf{X})$ be the matrix of transformed predictors obtained from \mathbf{X} by the hidden layer. We also denote the set of regression parameters associated with this j_0^{th} time series, as:

$$\beta_m^{(j_0)} =: \beta_m$$

and

$$\gamma_l^{(j_0)} =: \gamma_l$$

for $m \in \{1, \dots, k\}; l \in \{1, \dots, L\}$. Solving for the regression parameters for the j_0^{th} time series, under the constraints

$$\sum_{m=1}^{k \times p} \beta_m^2 \leq u$$

and

$$\sum_{l=1}^L \gamma_l^2 \leq v$$

for $u, v \in \mathbb{R}^*$, leads to minimizing a penalized residual sum of squares:

$$\mathcal{L}(\mathbf{X}; \beta, \gamma) = (y - \mathbf{X}\beta - \Phi(\mathbf{X})\gamma)^T (y - \mathbf{X}\beta - \Phi(\mathbf{X})\gamma) + \lambda_1 \beta^T \beta + \lambda_2 \gamma^T \gamma$$

where λ_1 and λ_2 are Lagrange multipliers. Now, by denoting:

$$A = \begin{pmatrix} \mathbf{X}^T \mathbf{X} + \lambda_1 I_{k \times p} & \mathbf{X}^T \Phi(\mathbf{X}) \\ \Phi(\mathbf{X})^T \mathbf{X} & \Phi(\mathbf{X})^T \Phi(\mathbf{X}) + \lambda_2 I_L \end{pmatrix} =: \begin{pmatrix} B & C^T \\ C & D \end{pmatrix}$$

and $S = D - CB^+C^T$. And:

$$A^+ = \begin{pmatrix} B^+ + B^+C^T S^+ C B^+ & -B^+C^T S^+ \\ -S^+ C B^+ & S^+ \end{pmatrix} =: \begin{pmatrix} A_1^+ & A_2^+ \\ A_3^+ & A_4^+ \end{pmatrix}$$

where S^+ and B^+ are the Moore-Penrose pseudo-inverse of matrices S and B . The whole set of parameters, for all the p observed time series is given by:

$$\begin{pmatrix} \hat{\beta} \\ \hat{\gamma} \end{pmatrix} := \begin{pmatrix} A_1^+ & A_2^+ \\ A_3^+ & A_4^+ \end{pmatrix} \begin{pmatrix} \mathbf{X}^T \mathbf{Y} \\ \Phi(\mathbf{X})^T \mathbf{Y} \end{pmatrix}$$

2.3 Ensembles of RVFL

As mentioned in the introduction, we will use bagging and stacking to construct ensembles of RVFL from the previous section 2.2. Both techniques will be described in the next sections 2.3.1 and 2.3.2. Firstly in a general context, and secondly as how they are applied to our RVFL models.

2.3.1 Bagging

The Bootstrap (cite Efron) uses multiple random replications of a given data set, to obtain standard errors of model parameters, for example. In the context of ensemble learning, these replications of the original data set are used to produce various predictions of the base models, which are then aggregated - in the case of regression problems, they are averaged, and in the case of classification problems, majority

vote could be used - to obtain a single prediction with less out-of-sample variance. This procedure is called bootstrap aggregating or *bagging*.

In order to illustrate the benefits of the bagging, we consider n different base learners, with out-of-sample prediction errors equal to $\epsilon_1, \dots, \epsilon_n$, and assume that the distribution of these errors are centered around 0:

$$\mathbb{E}[\epsilon_i] = 0$$

for $i = 1, \dots, n$. In addition, we have:

$$\mathbb{E}[\epsilon_i \epsilon_j] = \gamma$$

for $i \neq j$; that is, the covariance between the errors is equal to γ . And:

$$Var(\epsilon_i) = \sigma^2$$

for $i = 1, \dots, n$. The out-of-sample mean squared error (MSE) of the aggregated (averaged) model including these n base models is equal to:

$$\begin{aligned} MSE &= \mathbb{E} \left[\left(\frac{1}{n} \sum_{i=1}^n \epsilon_i \right)^2 \right] = \frac{1}{n^2} \mathbb{E} \left[\left(\sum_{i=1}^n \epsilon_i \right)^2 \right] \\ &= \frac{1}{n^2} \mathbb{E} \left[\sum_{i=1}^n \epsilon_i^2 + 2 \sum_{i < j} \epsilon_i \epsilon_j \right] \\ &= \frac{1}{n^2} \left(\sum_{i=1}^n \mathbb{E}[\epsilon_i^2] + 2 \sum_{i < j} \mathbb{E}[\epsilon_i \epsilon_j] \right) \\ &= \frac{1}{n^2} \left(n\sigma^2 + 2 \frac{n(n-1)}{2} \gamma \right) \\ &= \frac{\sigma^2}{n} + \frac{(n-1)}{n} \gamma \end{aligned}$$

From this expression of the MSE , we can observe that if n is high ($n \rightarrow \infty$), that is, if there are several base learners in the ensemble, and the out-of-sample expected error is low, the out-of-sample MSE of the ensemble prediction will decrease, and can eventually be reduced to γ . If, in addition, the model predictions are perfectly uncorrelated, i.e $\gamma = 0$, then the out-of-sample MSE is further decreased.

Having a low value for γ , along with a low out-of-sample expected error, helps in achieving a lower out-of-sample prediction error for the ensemble model. Decorrela-

tion in ensemble learning is hence important, and consists in increasing the diversity in the base learners, in order to obtain a low value for γ .

This decorrelation among the base learners is achieved for example in Random Forest models (cite Breiman, L. (2001)), by growing each tree in the forest, with only a subset of the predictors available. Also, an example of use of decorrelation, specifically for ensembles of neural networks is demonstrated in (cite Rosen (1996)). The author presents three approaches for achieving *disagreement* between the networks: one in which they are trained independently and aggregated with the hope that their predictions are somewhat different; a second one, in which different activation functions or achitecture (typically, more or less hidden layers or nodes in the hidden layers etc.) for each base learner. A third approach consists in training the individual networks on different subsamples of the original training set. The case of decorrelation learning for RVFL is treated in (cite Alamdoosh et Wang (2014))

In both papers, (cite Rosen (1996)) and (cite Alamdoosh et Wang (2014)), the procedure implemented in order to obtain a decorrelation of the base learners is denoted as Negative Correlation Learning (NCL). The general idea is to minimize the penalized Root Mean Squared Error:

$$\sum_{i=1}^n \left[(y_i - f_k(\mathbf{x}_i))^2 + \lambda p_k(\mathbf{x}_i) \right]$$

where $\mathbf{x}_i \in \mathbb{R}^p$ is the i^{th} observation of the training data set, with p features. f_k is a base learner with $k \in \{1 \dots B\}$, and B is the number of bootstrap resamples. p_k is a penalty term decorrelating the current network's error with the errors of the networks previously trained. λ is a Lagrange multiplier, a regularization parameter, preventing the correlation between the successive base learners in-sample errors from being high. For example, p_k could be defined as:

$$p_k(\mathbf{x}_i) = (y_i - f_k(\mathbf{x}_i)) \sum_{j < k} (y_i - f_j(\mathbf{x}_i))$$

In this paper, we use the third approach described in (cite Rosen (1996)) (although many other approaches can be envisaged). Multiple training data sets are constructed by randomly picking a fraction of the covariates for each bootstrap resample. The predictions associated to each training set resample are then averaged, in order to obtain a single prediction, with a confidence interval around it. Some numerical examples on the application of bagging to RVFL base learners can be found in section 2.4

2.3.2 Stacking

Stacked generalization or stacking, was introduced (cite Wolpert (1992)). It is also presented in (Breiman (2001)) for regression models. The idea behind this procedure is to construct new predictors for the training data set, by using diverse predictions of multiple models, which are combined by a meta-learner model. A simple example of 2-fold stacking applied to regression is described hereafter:

- Divide the original training data set $\mathbf{X} \in \mathbb{R}^{n \times p}$, into two parts: part1 and part2, each with $n/2$ rows
- Train a base learner model on part1 and obtain $n/2$ predictions on part2.
- Train the same base learner model on part2 and obtain $n/2$ predictions on part1.
- Train a meta-learner model on the new data set part3, consisting in the the original predictors, plus the predictors constructed by applying the base learner model on part1 and part2.

Typically, in this procedure, various types of base learners are used, to increase the diversity of new predictors. Since we are using time series data here, which inherently exhibit a serial dependence between the observations, we have to adapt the procedure described previously. In the case of a 2-fold stacking again, we divide the original training data set $\mathbf{X} \in \mathbb{R}^{n \times p}$ (with p time series observed at n dates) into two parts: part1 and part2; each consisting of $n/2$ rows. part1 contains the most ancient observations and part2, the most recent observations of the time series contained in \mathbf{X} . Also, we use multiple resamples of the base learner, as follows:

- Train B resampled RVFL models on part1, using a random subset of part1 in each resampling iteration. Obtain B sets of predictions ($B \times p$ new predictors) with these models, over the whole horizon of part2.
- Create a new enriched data set part3, containing the observed time series from part2, and the $B \times p$ additional series predicted from part1 on part2.
- Use a meta-learner to obtain predictions on the new, enriched data set part3.

For the latter point, we consider a few meta-learner models that have been used in the past in the literature (cite Breiman's Stacked Regressions). In general, the idea is that a relatively simple meta-learner will achieve a good performance. We use the following models for this purpose:

- Linear **least squares regression** model
- Linear least squares regression model **with positive coefficients** (cite Lawson CL, Hanson RJ (1974)) and Lawson CL, Hanson RJ (1995), as used in (cite Breiman (2001))
- **Ridge regression** with the use of singular values of ... (cite Hoerl et Kennard 1970)
- **Elastic net regression** with the use of coordinate descent (cite Friedman, J., Hastie, T. and Tibshirani, R. (2008))

These selected meta-learners are trained on `part3`, with the most contemporaneous observations of the series as responses, and their respective lags as predictors. Some numerical examples on the application of stacking to RVFL base learners can be found in section 2.4

2.4 Numerical examples

For the numerical examples, we obtain forecast of the Treasury Bill rates among other macroeconomic variables, in a *data-rich* environment. We use data from (cite Greene (20something)). 4 of the time series are considered: the Treasury Bill rates, the real consumption, the consumer price index, and the real expenditure. They are all observed on a quaterly basis. We annualize the last three time series, but keep the Treasury Bill rates unchanged. So that, the 4 time series are nearly on the same scale.

2.4.1 Descriptive statistics

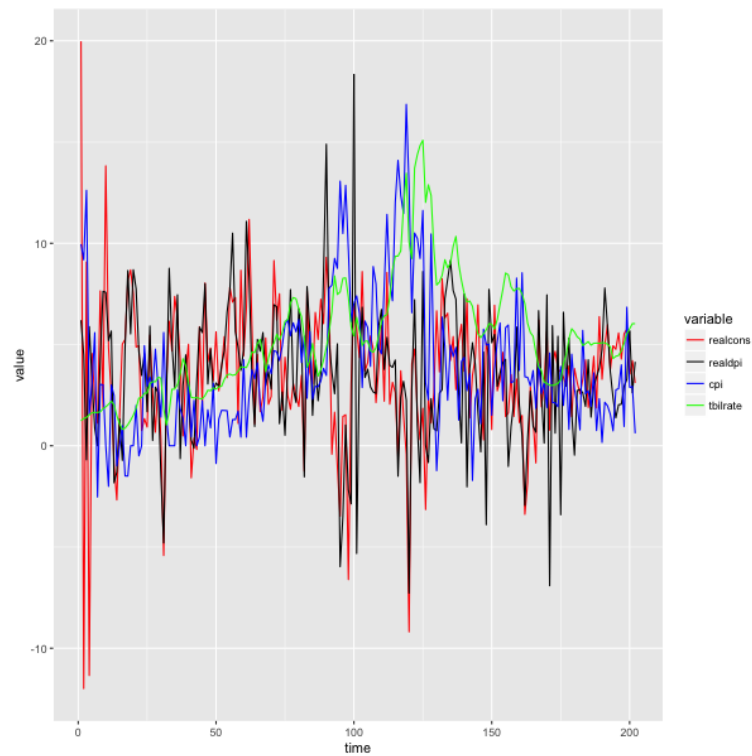


Fig. 2.1: Treasury Bills data from (cite Greene et. al (2007)) in a data-rich environment

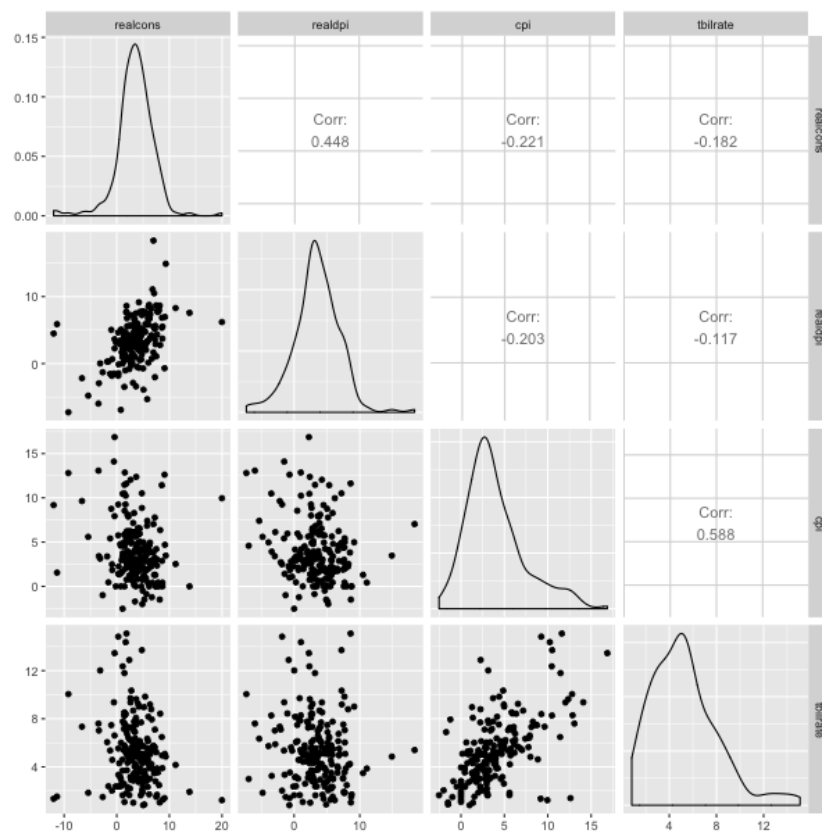


Fig. 2.2: Correlation plot for the 4 times series: Treasury Bills rates, Real consumption, Real disposable income, Inflation

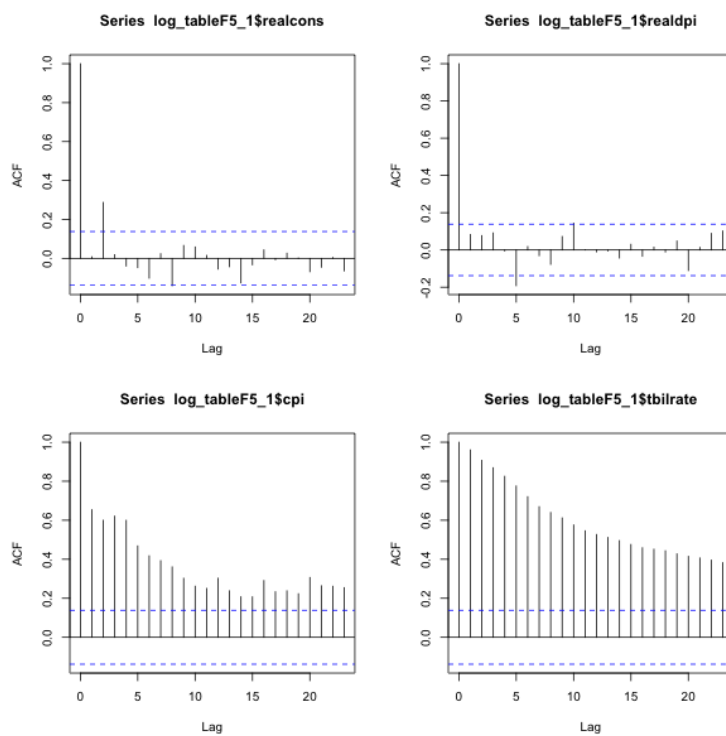


Fig. 2.3: Autocorrelation function for the 4 times series: Treasury Bills rates, Real consumption, Real disposable income, Inflation

Conclusion

Hello, here is some text without a meaning. This text should show what a printed text will look like at this place. If you read this text, you will get no information. Really? Is there no information? Is there a difference between this text and some nonsense like “Huardest gefburn”? Kjift – not at all! A blind text like this gives you information about the selected font, how the letters are written and an impression of the look. This text should contain all letters of the alphabet and it should be written in of the original language. There is no need for special content, but the length of words should match the language.

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3.1 System Section 1

And after the second paragraph follows the third paragraph. Hello, here is some text without a meaning. This text should show what a printed text will look like at this place. If you read this text, you will get no information. Really? Is there no information? Is there a difference between this text and some nonsense like “Huardest gefburn”? Kjift – not at all! A blind text like this gives you information about the selected font, how the letters are written and an impression of the look. This text should contain all letters of the alphabet and it should be written in of the original language. There is no need for special content, but the length of words should match the language. Hello, here is some text without a meaning. This text should show what a printed text will look like at this place. If you read this text, you will get no information. Really? Is there no information? Is there a difference between this text and some nonsense like “Huardest gefburn”? Kjift – not at all! A blind text like this gives you information about the selected font, how the letters are written and an impression of the look. This text should contain all letters of the

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After this fourth paragraph, we start a new paragraph sequence. Hello, here is some text without a meaning. This text should show what a printed text will look like at this place. If you read this text, you will get no information. Really? Is there no information? Is there a difference between this text and some nonsense like “Huardest gefburn”? Kjift – not at all! A blind text like this gives you information about the selected font, how the letters are written and an impression of the look. This text should contain all letters of the alphabet and it should be written in of the original language. There is no need for special content, but the length of words should match the language. Hello, here is some text without a meaning. This text should show what a printed text will look like at this place. If you read this text, you will get no information. Really? Is there no information? Is there a difference between this text and some nonsense like “Huardest gefburn”? Kjift – not at all! A blind text like this gives you information about the selected font, how the letters are written and an impression of the look. This text should contain all letters of the alphabet and it should be written in of the original language. There is no need for special content, but the length of words should match the language.

3.2 System Section 2

Hello, here is some text without a meaning. This text should show what a printed text will look like at this place. If you read this text, you will get no information. Really? Is there no information? Is there a difference between this text and some nonsense like “Huardest gefburn”? Kjift – not at all! A blind text like this gives you information about the selected font, how the letters are written and an impression of the look. This text should contain all letters of the alphabet and it should be written in of the original language. There is no need for special content, but the length of words should match the language. Hello, here is some text without a meaning. This text should show what a printed text will look like at this place. If you read this text, you will get no information. Really? Is there no information? Is there a difference between this text and some nonsense like “Huardest gefburn”? Kjift – not at all! A blind text like this gives you information about the selected font, how the letters are written and an impression of the look. This text should contain all letters of the alphabet and it should be written in of the original language. There is no need for special content, but the length of words should match the language.

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3.3 Future Work

After this fourth paragraph, we start a new paragraph sequence. Hello, here is some text without a meaning. This text should show what a printed text will look like at this place. If you read this text, you will get no information. Really? Is there no information? Is there a difference between this text and some nonsense like “Huardest gefburn”? Kjift – not at all! A blind text like this gives you information about the selected font, how the letters are written and an impression of the look. This text should contain all letters of the alphabet and it should be written in of the original language. There is no need for special content, but the length of words

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Colophon

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City, August 26, 2015

Ricardo Langner

