

# Confidence Intervals

Data Analysis for Psychology in R 1

Semester 2, Week 1

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# Learning objectives

1. Understand the importance of a confidence interval.
2. Understand the link between standard errors and confidence intervals.
3. Understand how to construct a confidence interval for an unknown parameter of interest.

# Part A

## Recap

# Normal distribution

$$X \sim N(\mu, \sigma)$$

Probability to the LEFT of a value  $x$ :

```
p <- pnorm(x, mean = mu, sd = sigma)
```

Value  $x$  having a probability of  $p$  to its LEFT:

```
x <- qnorm(p, mean = mu, sd = sigma)
```

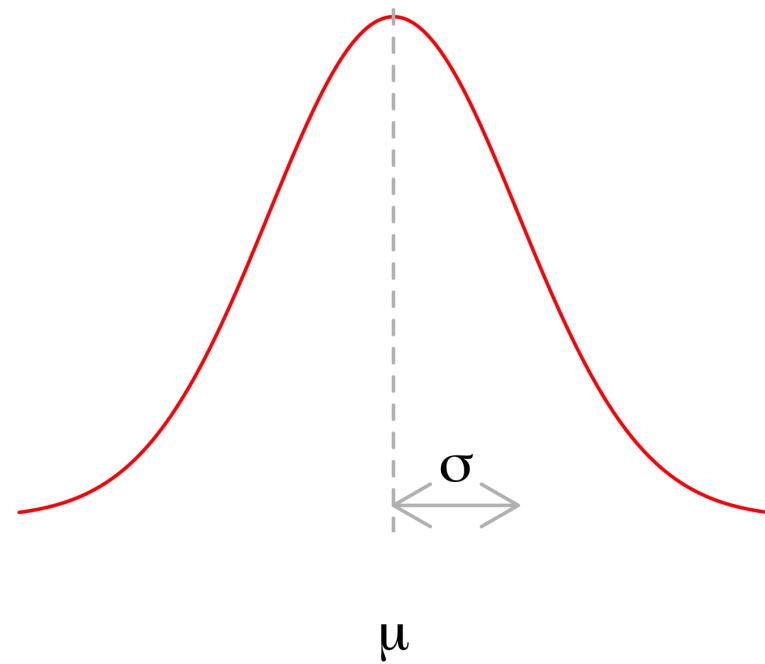
Example with  $N(0, 1)$ :

```
qnorm(0.975)
```

```
## [1] 1.96
```

```
pnorm(1.96)
```

```
## [1] 0.975
```



# Standardisation / z-scoring

- Let  $X \sim N(\mu, \sigma)$ . In words: Let  $X$  follow a normal distribution with mean  $\mu$  and standard deviation  $\sigma$ .
- Define:

$$Z = \frac{X - \mu}{\sigma}$$

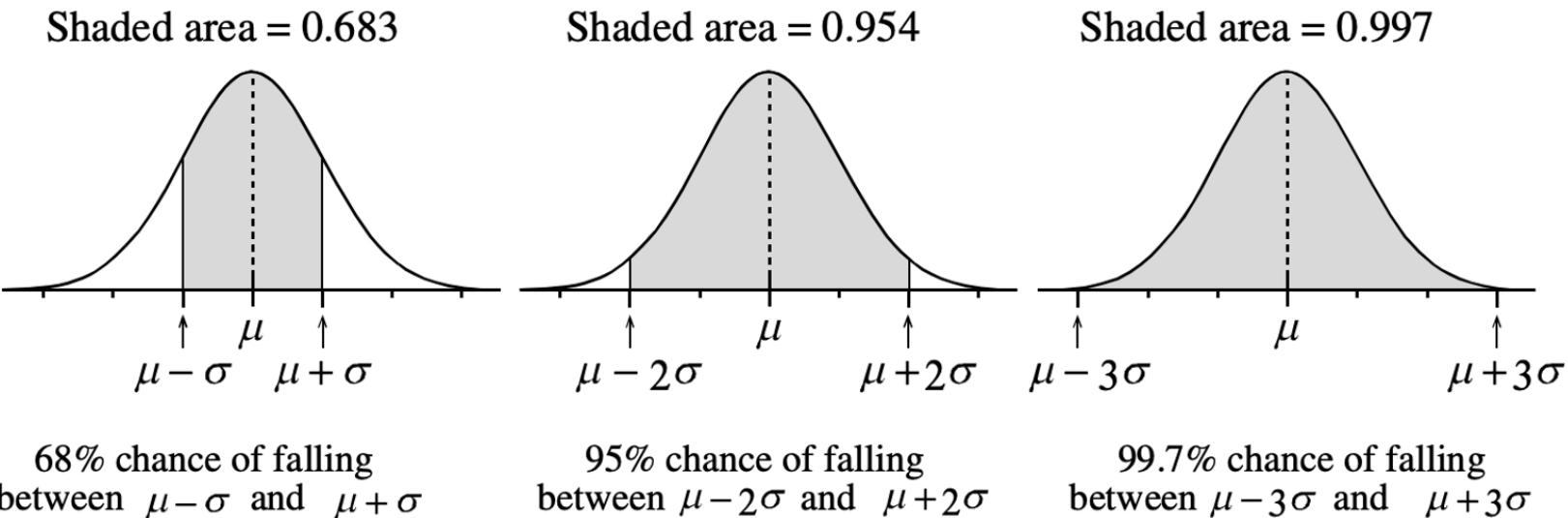
- $Z \sim N(0, 1)$ . In words:  $Z$  follows a standard normal distribution.
  - $\mu_Z = 0$
  - $\sigma_Z = 1$
- To transform  $Z$  back to  $X$  we use this transformation:

$$X = \mu + Z \cdot \sigma$$

# Normal 68–95–99.7 rule

- Recall that for a random variable  $X \sim N(\mu, \sigma)$ , roughly 95% of the values fall between  $\mu - 2\sigma$  and  $\mu + 2\sigma$ :

## Probabilities and numbers of standard deviations



# Normal 68–95–99.7 rule

- The interval below contains **roughly** 95% of the values in the distribution:

$$[\mu - 2 \cdot \sigma, \mu + 2 \cdot \sigma]$$

- To be more accurate, we need to find the x-values (quantiles) that have 0.025 probability to the left and 0.025 probability to the right, leaving 0.95 probability in the middle.

```
qnorm(c(0.025, 0.975)) # using a  $N(\theta, 1)$ 
```

```
## [1] -1.96 1.96
```

```
qnorm(0.025) #or qnorm(0.025, lower.tail=TRUE)
```

```
## [1] -1.96
```

```
qnorm(0.025, lower.tail = FALSE)
```

```
## [1] 1.96
```

# Normal 68–95–99.7 rule

- The values  $-1.96$  and  $1.96$  are the quantiles of a standard Normal distribution, cutting a probability of  $0.025$  in each of the two tails of the distribution.
- To have the quantiles for the original variable  $X \sim N(\mu, \sigma)$  we need to transform  $Z$  back to  $X$  with the formula previously mentioned ( $x = \mu + z \cdot \sigma$ ):

$$\begin{aligned}z = -1.96 &\rightarrow x = \mu - 1.96 \cdot \sigma \\z = 1.96 &\rightarrow x = \mu + 1.96 \cdot \sigma\end{aligned}$$

- The interval comprising exactly  $95\%$  of the values of  $X$  is the range of values from  $\mu - 1.96 \cdot \sigma$  to  $\mu + 1.96 \cdot \sigma$ , which in mathematics is written as:

$$[\mu - 1.96 \cdot \sigma, \mu + 1.96 \cdot \sigma]$$

# Estimation

- Without loss of generality, we will focus on the mean as the numerical summary of data.

Population mean,  $\mu$  → unknown → example of a parameter

Sample mean,  $\bar{x}$  → we can compute it → example of a statistic

- We are typically interested in **estimating an unknown population mean**  $\mu$  (a **parameter**) using the **mean computed on a random sample**  $\bar{x}$  (a **statistic**).
  - We will equivalently call the statistic (sample mean) the **estimate**.
- When estimating an unknown parameter, we should report both
  - the estimate;
  - a measure of our "uncertainty" in the estimate.

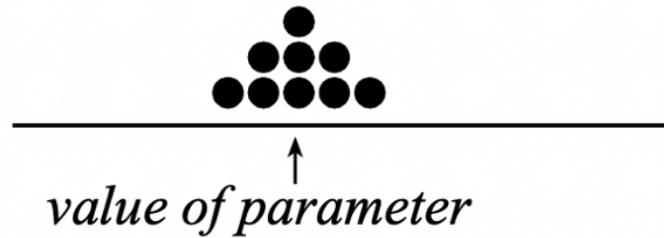
# Some facts

- Statistics vary from sample to sample and have a **sampling distribution**.
- The standard deviation of the sampling distribution is called the **standard error** (SE)
- **Informally:** SE tells us the size of the typical "estimation error" ( $= \bar{x} - \mu$ ).
- $SE = SE_{\bar{x}} = \frac{\sigma}{\sqrt{n}}$

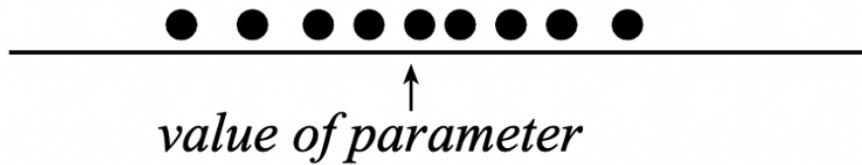
# Estimation

- The estimate for a population mean is the sample mean,  $\bar{x}$ .
- Let's now turn to the key question of reporting uncertainty in the estimate. In other words,
  - | How accurate is our estimate?
- We are interested in how accurate our statistic  $\bar{x}$  is as an estimate of the unknown parameter  $\mu$ .
- Accuracy is a combination of two things:
  - No bias
  - Precision
- We avoid bias if we use random sampling. We have bias if our samples systematically do not include a part of the population.
  - If you choose convenience samples, you will systematically over-estimate or under-estimate the true value.
- Precision relates to the variability of the sampling distribution, and the Standard Error (SE) is used to quantify precision.
  - As the SE gets smaller, the sample means will tend to be closer to the population mean

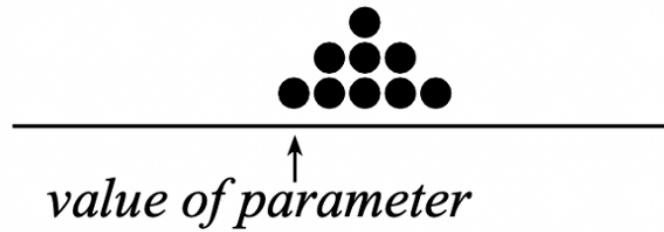
# Bias vs Precision



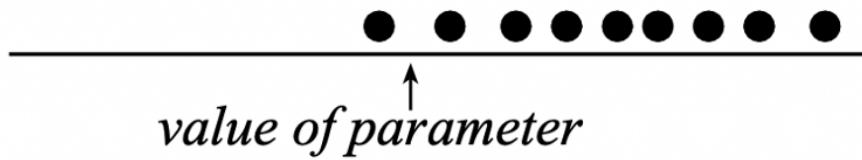
(a) No bias, high precision



(b) No bias, low precision

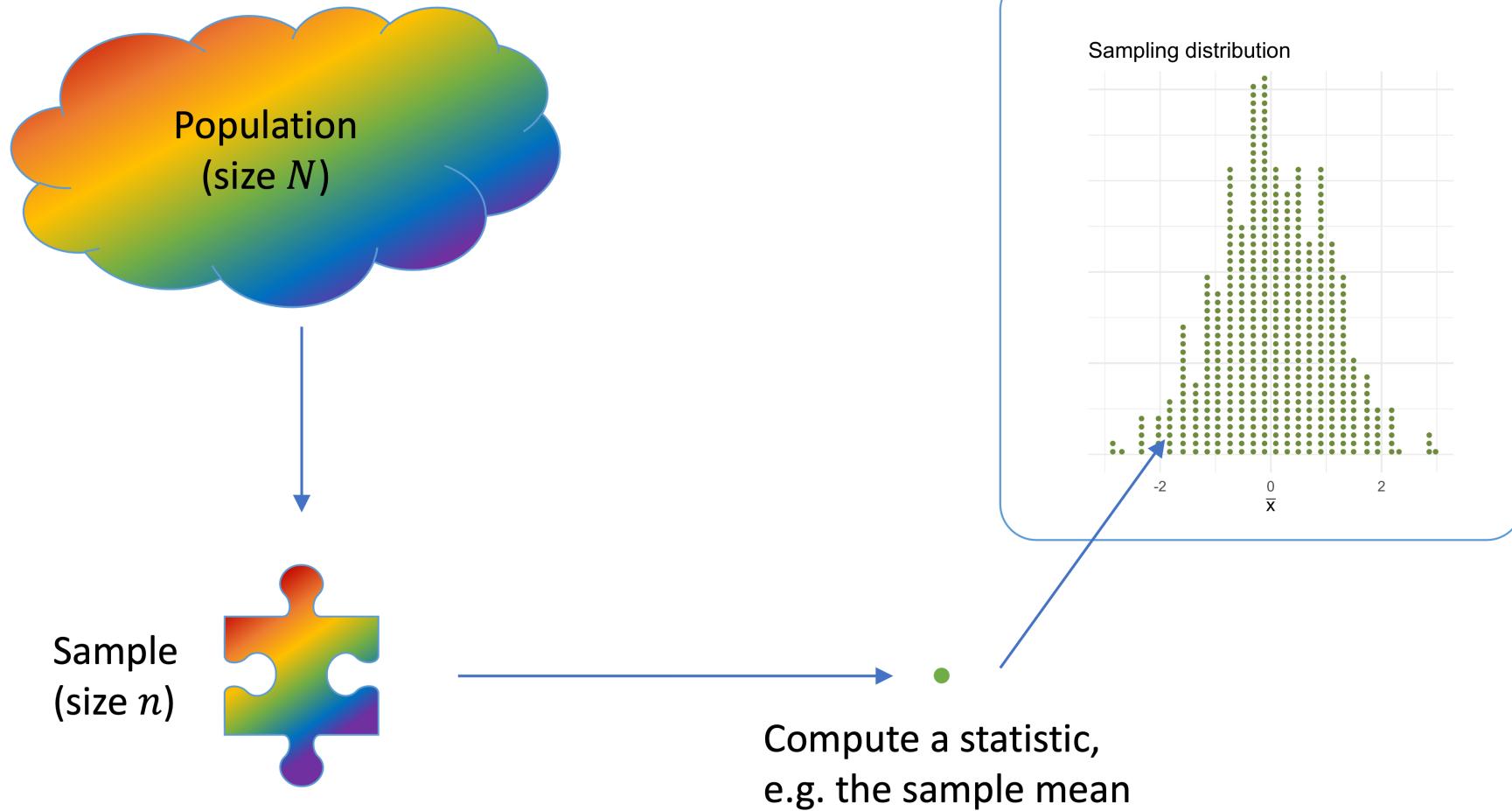


(c) Biased, high precision

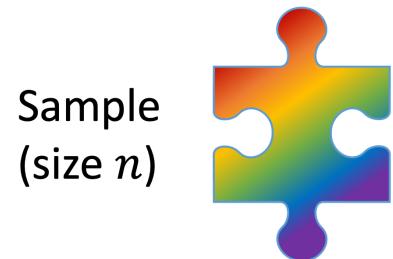
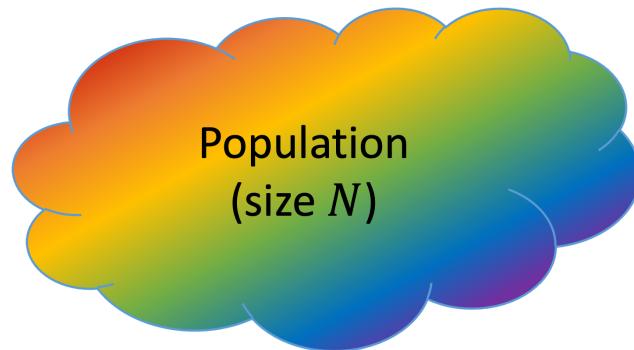


(d) Biased, low precision

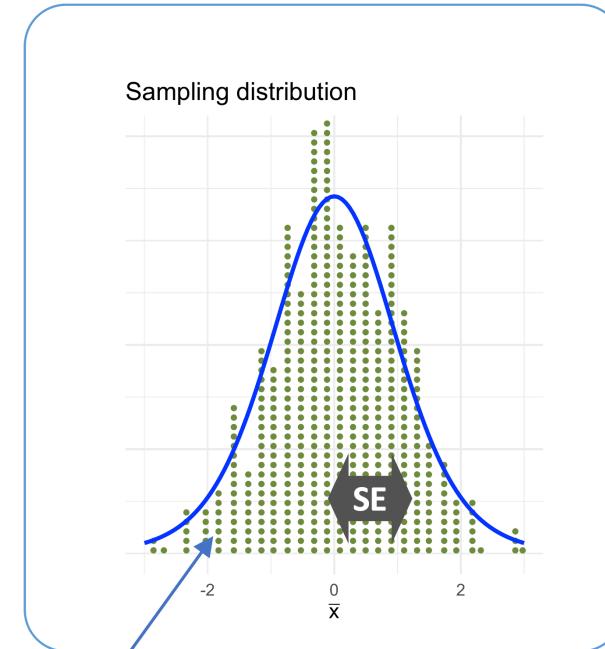
# Sampling distribution



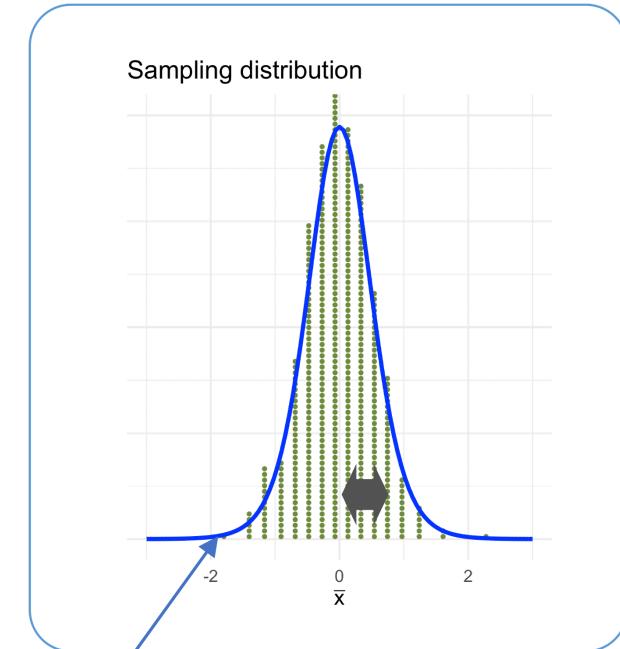
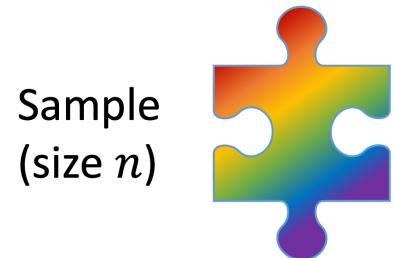
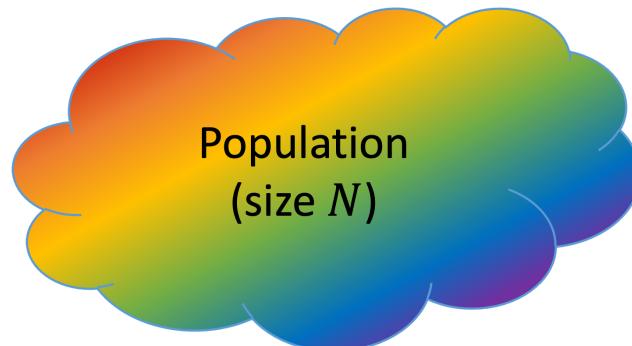
# Sampling distribution



Compute a statistic,  
e.g. the sample mean



# Sampling distribution



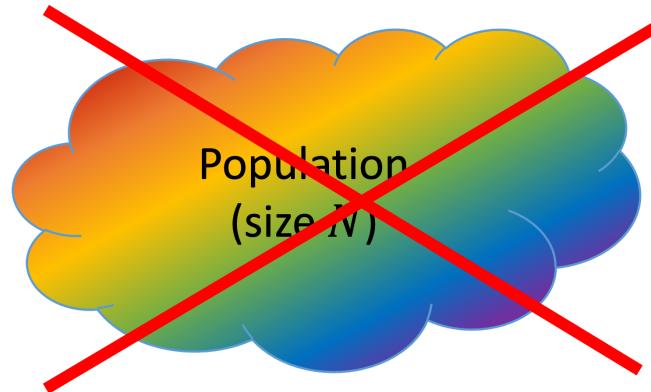
Compute a statistic,  
e.g. the sample mean



## Part B

One sample only

# One sample only



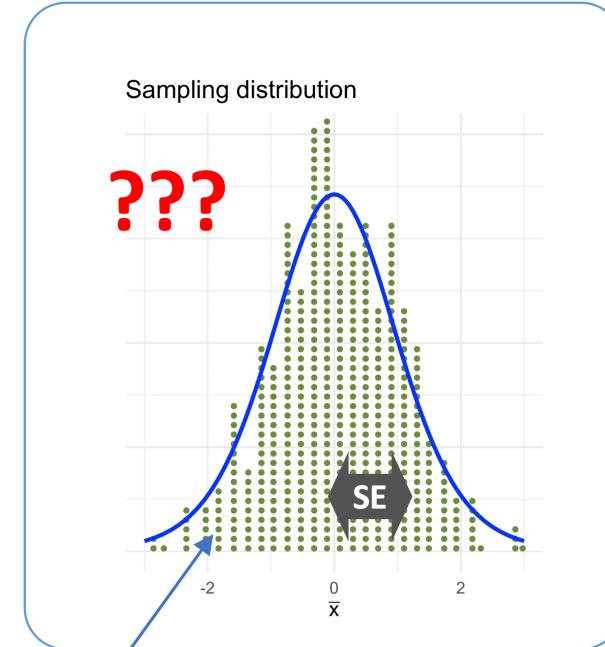
Population  
(size  $N$ )



Sample  
(size  $n$ )



Compute a statistic,  
e.g. the sample mean



# One sample only: Precision of sample mean

- If we do NOT have the population data:
  - we cannot compute  $\mu$ , the population mean
  - we also cannot compute  $\sigma$ , the population standard deviation
- Recall that  $\sigma$  is required to assess the precision of the sample mean by computing the SE:

$$SE = \frac{\sigma}{\sqrt{n}}$$

- How can we compute the SE of the mean if we **do not have data on the full population**, and we **can only afford one sample of size  $n$** ?

# One sample only: Precision of sample mean

- We must also estimate  $\sigma$  with the corresponding sample statistic.
- Substitute  $\sigma$  with the standard deviation computed in the sample,  $s$ .
- Standard error of the mean becomes:

$$SE = \frac{s}{\sqrt{n}}$$

- Report estimate (sample mean), along with a measure of its precision (the above SE).



# Part C

## Confidence Intervals

# Key idea

- Parameter estimate = single number. Almost surely the true value will be different from our estimate.
- Range of plausible values for the parameter, called **confidence interval**. More likely that the true value will be captured by a range.

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Point estimate



Confidence interval



# Confidence interval

- Confidence interval (CI) = range of plausible values for the parameter.
- To create a confidence interval we must decide on a confidence level.
- Confidence level = a number between 0 and 1 specified by us. How confident do you want to be that the confidence interval will contain the true parameter value?
- The larger the confidence level, the wider the confidence interval.
  - How confident are you that I am between 39 and 42 years old?
  - How confident are you that I am between 35 and 50 years old?
  - How confident are you that I am between 18 and 70 years old?
- Typical confidence levels are 90%, 95%, and 99%.

# CI for the population mean

- Recall that if  $X \sim N(\mu, \sigma)$ , 95% of the values are between

$$[\mu - 1.96 \cdot \sigma, \mu + 1.96 \cdot \sigma]$$

- The sample mean follows a normal distribution:

$$\bar{X} \sim N(\mu_{\bar{X}}, \sigma_{\bar{X}})$$

where:

- $\mu_{\bar{X}} = \mu$
- $\sigma_{\bar{X}} = SE = \frac{\sigma}{\sqrt{n}}$

- Substitute in the interval above:

$$[\mu_{\bar{X}} - 1.96 \cdot \sigma_{\bar{X}}, \mu_{\bar{X}} + 1.96 \cdot \sigma_{\bar{X}}]$$

- That is:

$$\left[ \mu - 1.96 \cdot \frac{\sigma}{\sqrt{n}}, \mu + 1.96 \cdot \frac{\sigma}{\sqrt{n}} \right]$$

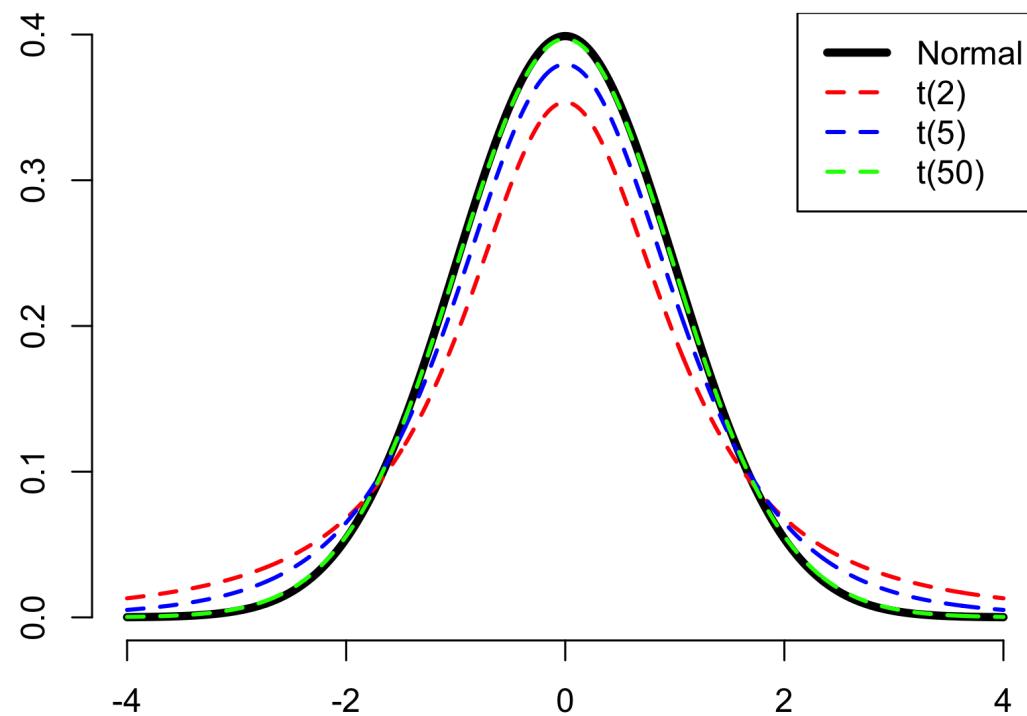
# Estimates of $\mu$ and $\sigma$

- Recall that we do not have the full population data. **We can only afford one sample!**
- We don't have the population mean  $\mu$  and we estimated it with the sample mean  $\bar{x}$
- However, we also don't have  $\sigma$  so we need to estimate it with  $s$ , the sample standard deviation:

$$\left[ \bar{x} - 1.96 \cdot \frac{s}{\sqrt{n}}, \bar{x} + 1.96 \cdot \frac{s}{\sqrt{n}} \right]$$

- However, this interval is now **wrong!**
- Because we didn't know  $\sigma$  and we had to estimate it with  $s$ , this bring and **extra element of uncertainty**
- As we are unsure about the actual value of the population standard deviation, the reference distribution is no longer Normal, but a distribution that is more "uncertain" and places higher probability in the tails of the distribution.
- When the population standard deviation is unknown, the sample mean follows a t-distribution.
- The quantiles -1.96 and 1.96 refer to the normal distribution, so these are wrong and we need to find the correct ones!

# t-distribution



# t-distribution

- A distribution similar to the standard Normal distribution, also with a zero mean
- Depends on a number called **degrees of freedom** (DF) = sample size - 1. That is,  $df = n - 1$ .
- We write the distribution as:

$$t(n - 1)$$

- Suppose the sample size is 20. In R:

```
qt(0.025, df = 19)      # quantile = t-value with 0.025 prob to the LEFT
```

```
## [1] -2.093
```

```
pt(-2.093, df = 19)    # prob to the LEFT of t = -2.093
```

```
## [1] 0.025
```

# Finally: the correct confidence interval

- Now we can finally compute the correct confidence interval.
- We need to replace the quantiles with those from the  $t(n - 1)$  distribution, denote them by  $-t^*$  and  $+t^*$ , and these will be different all the time as they depend on the sample size.
- Generic form the of the CI for the mean:

$$\left[ \bar{x} - t^* \cdot \frac{s}{\sqrt{n}}, \bar{x} + t^* \cdot \frac{s}{\sqrt{n}} \right]$$

- Generic form the of the 95% CI for the mean with a sample of size  $n = 20$ :

```
qt(c(0.025, 0.975), df = 20 - 1)
```

```
## [1] -2.093 2.093
```

$$\left[ \bar{x} - 2.093 \cdot \frac{s}{\sqrt{n}}, \bar{x} + 2.093 \cdot \frac{s}{\sqrt{n}} \right]$$

# Other confidence levels

- Generic form the of the 99% CI for the mean with a sample of size  $n = 20$ :

```
qt(c(0.005, 0.995), df = 20 - 1)
```

```
## [1] -2.861 2.861
```

$$\left[ \bar{x} - 2.861 \cdot \frac{s}{\sqrt{n}}, \bar{x} + 2.861 \cdot \frac{s}{\sqrt{n}} \right]$$

# Example: 95% CI for the pop. mean salary

- Parameter of interest: mean yearly salary of a NFL player in the year 2019, denoted  $\mu$ .
- Sample of 50 players:

```
library(tidyverse)
nfl_sample <- read_csv("https://uoepsy.github.io/data/NFLSample2019.csv")
dim(nfl_sample)
```

```
## [1] 50 5
```

```
head(nfl_sample)
```

```
## # A tibble: 6 × 5
##   Player      Position Team    TotalMoney YearlySalary
##   <chr>       <chr>    <chr>      <dbl>        <dbl>
## 1 Najee Goode 430LB    Jaguars     0.805        0.805
## 2 Jack Crawford 43DT    Falcons    9.9          2.48 
## 3 Tra Carson   RB      Lions      1.23         0.615
## 4 Jordan Richards S      Ravens     0.805        0.805
## 5 Desmond Trufant CB     Falcons    68.8         13.8 
## 6 Alex Anzalone 430LB   Saints     3.47         0.866
```

# Example: 95% CI for the pop. mean salary

```
xbar <- mean(nfl_sample$YearlySalary)  
xbar
```

```
## [1] 3.359
```

```
s <- sd(nfl_sample$YearlySalary)  
s
```

```
## [1] 4.312
```

```
n <- nrow(nfl_sample)  
n
```

```
## [1] 50
```

```
SE <- s / sqrt(n)  
SE
```

```
## [1] 0.6098
```

```
tstar <- qt(c(0.025, 0.975), df = n-1)  
tstar
```

```
## [1] -2.01 2.01
```

```
xbar - 2.01 * SE
```

```
## [1] 2.133
```

```
xbar + 2.01 * SE
```

```
## [1] 4.584
```

or:

```
xbar + tstar * SE
```

```
## [1] 2.133 4.584
```

# Example: 95% CI for the pop. mean salary

- The 95% confidence interval for the mean salary of **all** NFL players in the year 2019 is [2.13, 4.58] million dollars.
- Write this up as:
  - | We are 95% confident that the average salary of a NFL player in 2019 was between 2.13 and 4.58 million dollars.
- If it makes more sense in your sentence, you can report the sample mean followed by the CI in brackets (to tell the reader how precise your estimate is).
- Use the format  $M = \dots, 95\% \text{ CI } [\dots, \dots]$ .



## Part D

Warning on interpretation

# Warning!

- If you had many random samples and computed a 95% confidence interval from each sample:
  - about 95% of those intervals will contain the true parameter value
  - about 5% of those intervals will **not** contain the true parameter value
- Example 1: if you had 100 random samples and computed a 95% confidence interval from each sample:
  - about 95 ( $= 100 * 0.95$ ) of those intervals will contain the true parameter value
  - about 5 ( $= 100 * 0.05$ ) of those intervals will **not** contain the true parameter value
- Example 2: if you had 20 random samples and computed a 95% confidence interval from each sample:
  - about 19 ( $= 20 * 0.95$ ) of those intervals will contain the true parameter value
  - about 1 ( $= 20 * 0.05$ ) of those intervals will **not** contain the true parameter value

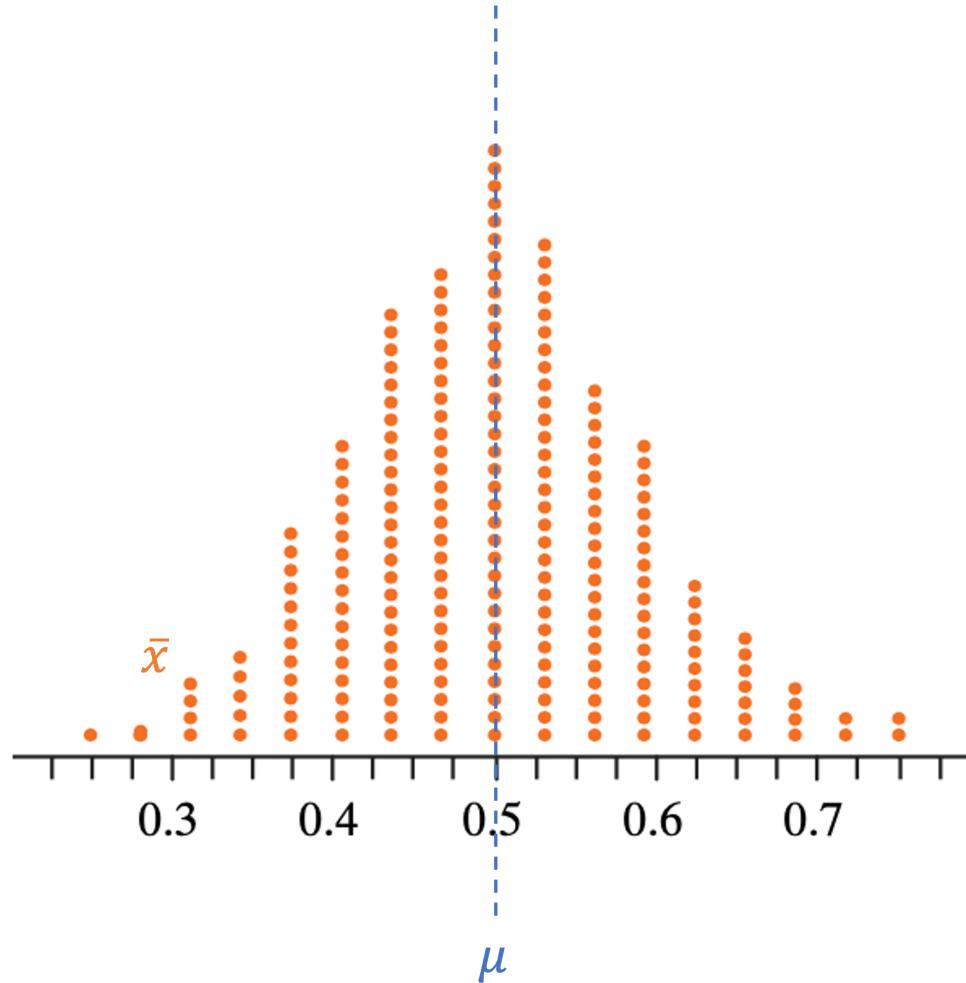
# Warning!

- Consider again example 2, where you have 20 random samples and built a confidence interval from each sample.
- We speak about **probability** when we refer to the **collection** of those 20 confidence intervals.  
That is, the probability the that **collection** of confidence intervals will contain the true parameter value is 0.95.
  - Think of this as

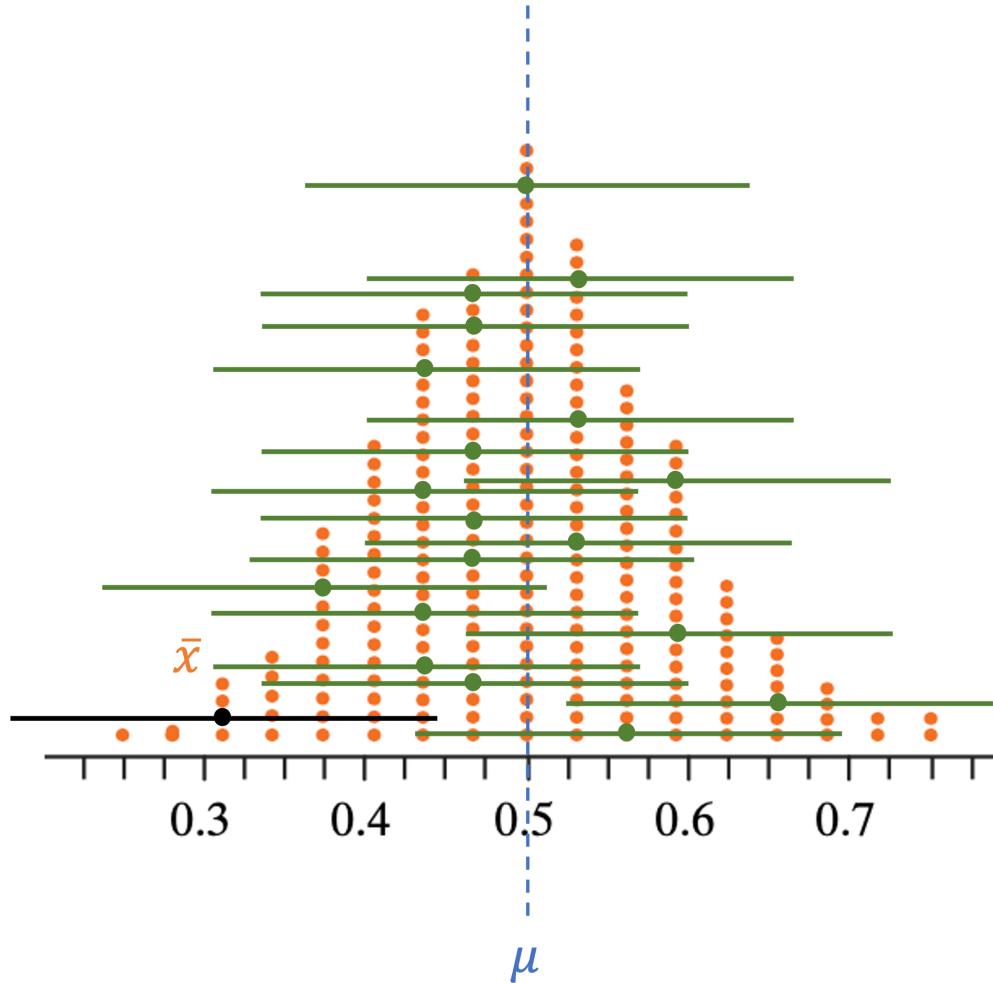
$$\frac{\text{number of CIs containing } \mu}{\text{total number of CIs}} = \frac{19}{20} = 0.95$$

- We speak of **confidence** when we refer to just **one** confidence interval that we have computed.  
Say the 95% CI is [2.5, 5.3] min. We would say: we are 95% confident that the population mean is between 2.5 and 5.3 minutes.
  - It is **wrong** to say that there is a 95% probability that the population mean is between 2.5 and 5.3 minutes.

# Warning!



# Warning!



# This week

- Attend the Live R programming lecture
- Read the lab worked example and complete your lab
- Complete any assigned readings
- Go to office hours if you have questions
- Complete the weekly quiz
  - Opens Monday at 9am
  - Closes Sunday at 5pm

