

Implementation Plan - AutoValuePredict ML

This document outlines the complete step-by-step implementation plan for the AutoValuePredict ML project, a machine learning system for predicting used car prices in Brazil.

Project Overview

Goal: Build an end-to-end ML pipeline that predicts the market value of used cars in Brazil, including data collection, preprocessing, feature engineering, model training, evaluation, and API deployment.

Current Status: ✅ Data collection and enrichment completed | ✅ EDA completed | ✅ Data preprocessing completed | ✅ Feature engineering completed | ✅ Baseline models completed | 🚧 Advanced models next

Development Approach: MVP-first strategy - build a functional end-to-end pipeline with essential features, then iterate and optimize.

[!IMPORTANT] > **Data Limitations:** This project uses enriched FIPE data where features like `km` (mileage), `location`, `color`, `doors`, and `condition` are synthetically generated using statistical patterns. While realistic, these are not real-world observations. Model predictions should be validated against actual market data before production use.

[!NOTE] > **Timeline:** Estimated 12-16 weeks for complete implementation. Tasks are marked as **[ESSENTIAL]** (required for MVP) or **[OPTIONAL]** (enhancements). Focus on essential tasks first to achieve a working pipeline quickly.

Phase 1: Exploratory Data Analysis (EDA)

Completed

1.1 Initial Data Exploration

- [x] Load enriched datasets (`fipe_cars_enriched.csv` and `fipe_2022_enriched.csv`)
- [x] Basic data overview:
 - [x] Dataset shape and memory usage
 - [x] Column types and basic statistics
 - [x] Missing values analysis
 - [x] Duplicate records check
- [x] Create notebook: `notebooks/01_data_overview.ipynb`

1.2 Target Variable Analysis

- [x] Analyze price distribution:
 - [x] Histogram and box plots
 - [x] Skewness and kurtosis
 - [x] Outlier detection (IQR method, Z-score)
- [x] Price ranges by vehicle category
- [x] Price trends over time (`year_of_reference`)
- [x] Price by brand, model, state
- [x] Create notebook: `notebooks/02_target_analysis.ipynb`

1.3 Feature Analysis

- [x] Categorical features:
 - [x] Brand distribution and frequency
 - [x] Model distribution
 - [x] State/city distribution
 - [x] Fuel type, transmission, color distributions
- [x] Condition distribution
- [x] Numerical features:
 - [x] Year distribution and trends
 - [x] Mileage (km) distribution and relationship with age
 - [x] Engine size distribution

- [x] Doors distribution
- [x] Create notebook: `notebooks/03_feature_analysis.ipynb`

1.4 Relationships and Correlations

- [x] Correlation matrix (numerical features)
- [x] Price vs. age relationship
- [x] Price vs. mileage relationship
- [x] Price vs. brand/model analysis
- [x] Price vs. location (state) analysis
- [x] Feature interactions:
- [x] Price by brand and year
- [x] Price by fuel type and transmission
- [x] Price by condition and age
- [x] Create notebook: `notebooks/04_correlations.ipynb`

1.5 Data Quality Assessment

- [x] Identify data quality issues:
- [x] Inconsistent values
- [x] Outliers that need treatment
- [x] Missing values (if any)
- [x] Data type issues
- [x] Document findings and recommendations
- [x] Create notebook: `notebooks/05_data_quality.ipynb`

Deliverables:

- 5 Jupyter notebooks with complete EDA
- Summary document with key findings
- Data quality report

Estimated Time: 1-2 weeks

Phase 2: Data Preprocessing & Cleaning

Completed

2.1 Data Cleaning Module

- [x] Create `src/data/cleaner.py`:
- [x] Remove duplicates
- [x] Handle outliers (price, km):
 - [x] IQR method for outliers
 - [x] Z-score method
 - [x] Domain knowledge-based limits
- [x] Handle missing values (if any)
- [x] Data type corrections
- [x] Standardize text fields (brand, model, city names)
- [x] Unit tests: `tests/test_cleaner.py`


2.2 Data Validation

- [x] Create `src/data/validator.py`:
- [x] Schema validation
- [x] Range checks (year, price, km)
- [x] Categorical value validation
- [x] Business rule validation
- [x] Unit tests: `tests/test_validator.py`

2.3 Data Splitting

- [x] Create `src/data/splitter.py`:
- [x] Train/validation/test split (70/15/15 or 80/10/10)
- [x] Stratified split by price ranges (optional)
- [x] Time-based split (if using `year_of_reference`)
- [x] Save splits to `data/processed/`
- [x] Unit tests: `tests/test_splitter.py`

Deliverables:

-  Data cleaning pipeline (`src/data/cleaner.py`)

- ☒ Data validation module (`src/data/validator.py`)
- ☒ Data splitting module (`src/data/splitter.py`)
- ☒ Modular ML pipeline system (`src/pipeline/`)
- ☒ Unit tests for all modules (`tests/test_*.py`)
- ☒ Validated and cleaned datasets
- ☒ Train/validation/test splits (70/15/15)
- ☒ Pipeline execution scripts (`scripts/run_pipeline.py` , `scripts/preprocess_data.py`)
- ☒ Makefile commands for pipeline execution

Estimated Time: 1 week

Actual Time: Completed ☒

Results:

- Processed 747,948 rows (from 889,282 original)
 - Train: 523,563 rows (70%)
 - Validation: 112,192 rows (15%)
 - Test: 112,193 rows (15%)
 - All data quality checks passed ☒
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Phase 3: Feature Engineering ☒ Completed

3.1 Feature Creation - Phase 1 (Essential for MVP)

- [x] Create `src/features/engineering.py`:
- [x] **[ESSENTIAL] Basic temporal features:**
 - [x] Vehicle age (already exists, verify calculation)
 - [x] Age squared (non-linear relationship)
- [x] **[ESSENTIAL] Categorical encoding:**
 - [x] One-hot encoding for low cardinality features (fuel_type, transmission, condition)
 - [x] Target encoding for high cardinality (brand, model, state)
- [x] **[ESSENTIAL] Numerical transformations:**
 - [x] Log transformation for price (if skewed)
 - [x] Log transformation for km (if skewed)

- [x] Standardization/normalization
- [x] **[ESSENTIAL] Location features:**
 - [x] State encoding (target encoding)
 - [x] Region encoding (Norte, Nordeste, Sul, Sudeste, Centro-Oeste)

3.1.1 Feature Creation - Phase 2 (Optional Enhancements)

Implemented

- [x] **[OPTIONAL] Advanced features:**
- [x] Depreciation rate calculation
- [x] Frequency encoding (brand/model frequency)
- [x] **Interaction features:**
 - [x] Brand × Year
 - [x] Fuel × Transmission
 - [x] Age × Condition
 - [x] Km per year (km / age)
- [x] **Binning:**
 - [x] Price bins (for stratified splits)
 - [x] Age bins
 - [x] Mileage bins
- [x] **Advanced location features:**
 - [x] Region encoding (Norte, Nordeste, Sul, Sudeste, Centro-Oeste) - Already in Phase 1
 - [x] City size category (if applicable)

Note: Advanced features are implemented in `AdvancedFeatureCreator` class and can be enabled via `use_advanced_features=True` parameter. They are disabled by default to maintain MVP focus.





3.2 Feature Selection

- [x] Create `src/features/selectors.py`:
- [x] Correlation-based feature selection
- [x] Mutual information
- [x] Feature importance from baseline models
- [x] Remove highly correlated features
- [x] Document selected features

3.3 Feature Pipeline

- [x] Create `src/features/pipeline.py`:
- [x] Scikit-learn Pipeline or custom pipeline
- [x] Combine all transformations
- [x] Fit on training, transform on validation/test
- [x] Save fitted pipeline for inference
- [x] Integrate FeatureEngineeringStep into main pipeline

Deliverables:

-  Feature engineering pipeline (`src/features/pipeline.py`)
-  Feature engineering modules (`src/features/engineering.py`, `src/features/selectors.py`)
-  FeatureEngineeringStep integrated into main pipeline
-  Pipeline persistence (save/load functionality)
- ⌚ Engineered feature dataset (will be created when pipeline runs)
- ⌚ Feature importance analysis (available when feature selection is enabled)

Estimated Time: 1-2 weeks

Actual Time: Completed 

Phase 4: Baseline Models Completed

4.1 Baseline Implementations

- [x] Create `src/models/baseline.py`:
- [x] **Mean/Median baseline:** Simple average/median price
- [x] **Linear Regression:** Basic linear model
- [x] **Ridge Regression:** L2 regularization
- [x] **Lasso Regression:** L1 regularization
- [x] **Decision Tree:** Simple tree model
- [x] Evaluate all baselines
- [x] Document baseline performance

4.2 Evaluation Metrics

- [x] Create `src/models/evaluator.py`:
- [x] **RMSE** (Root Mean Squared Error)
- [x] **MAE** (Mean Absolute Error)
- [x] **MAPE** (Mean Absolute Percentage Error)
- [x] **R² Score** (Coefficient of Determination)
- [x] **Residual analysis**:
 - [x] Residual plots
 - [x] Q-Q plots
 - [x] Residual distribution
- [x] Create visualization functions for metrics

Deliverables:

- ☒ Baseline model implementations (`src/models/baseline.py`)
- ☒ Baseline performance report (saved to `models/baseline_results/`)
- ☒ Evaluation metrics module (`src/models/evaluator.py`)
- ☒ TrainBaselineModelsStep integrated into main pipeline
- ☒ Training script (`scripts/train_baseline_models.py`)
- ☒ Results saved to `models/baseline_results/` (separate from `data/processed/`)

Estimated Time: 3-5 days

Actual Time: Completed ☒

Phase 5: Advanced Model Development

5.1 Model Implementations - Essential

- [] Create `src/models/trainer.py`:
- [] **[ESSENTIAL] Random Forest**:
 - [] Hyperparameter tuning (GridSearchCV/RandomSearchCV)
 - [] `n_estimators`, `max_depth`, `min_samples_split`
- [] **[ESSENTIAL] Gradient Boosting (XGBoost)**:
 - [] Hyperparameter tuning
 - [] `learning_rate`, `n_estimators`, `max_depth`

- ☐ Early stopping

5.1.1 Model Implementations - Optional

- ☐ **[OPTIONAL] LightGBM:**
 - ☐ Hyperparameter tuning
 - ☐ num_leaves, learning_rate, feature_fraction
 - ☐ Early stopping
- ☐ **[OPTIONAL] CatBoost:**
 - ☐ Good for categorical features
 - ☐ Hyperparameter tuning

5.2 Model Training

- ☐ Implement cross-validation:
- ☐ K-fold cross-validation (k=5)
- ☐ Time-based cross-validation (if applicable)
- ☐ Train all models on training set
- ☐ Validate on validation set
- ☐ Track training time and model size

5.3 Model Comparison

- ☐ Compare all models:
- ☐ Performance metrics (RMSE, MAE, MAPE, R^2)
- ☐ Training time
- ☐ Inference time
- ☐ Model complexity
- ☐ Feature importance analysis:
 - ☐ Tree-based model feature importance
 - ☐ Permutation importance
- ☐ Create comparison report

5.4 Model Selection

- ☐ Select best model based on:
 - ☐ Validation performance
 - ☐ Generalization (cross-validation)

- ☐ Inference speed
- ☐ Model interpretability
- ☐ Final evaluation on test set
- ☐ Document model selection rationale

Deliverables:

- Trained advanced models
- Model comparison report
- Selected best model
- Feature importance analysis

Estimated Time: 2-3 weeks

Phase 6: Model Optimization & Fine-tuning

6.1 Hyperparameter Optimization

- ☐ Fine-tune selected model:
- ☐ GridSearchCV or RandomSearchCV
- ☐ Bayesian optimization (Optuna) - optional
- ☐ Learning curves analysis
- ☐ Optimize for business metric (MAPE or RMSE)

6.2 Model Ensemble (Optional Enhancement)

- ☐ **[OPTIONAL]** Create `src/models/ensemble.py`:
- ☐ Voting regressor
- ☐ Stacking regressor
- ☐ Weighted average ensemble
- ☐ **[OPTIONAL]** Evaluate ensemble performance

[!TIP] Ensemble methods can improve performance by 2-5% but add complexity. Consider only after achieving good results with single models.

6.3 Model Validation

- ☐ Final test set evaluation
- ☐ Performance by segments:
 - ☐ By price range
 - ☐ By brand
 - ☐ By age
 - ☐ By location
- ☐ Error analysis:
 - ☐ Identify worst predictions
 - ☐ Analyze error patterns
 - ☐ Document model limitations

Deliverables:

- Optimized model
- Final performance metrics
- Model validation report
- Error analysis

Estimated Time: 1 week

Phase 7: Model Persistence & Versioning

7.1 Model Saving

- ☐ Create `src/models/persistence.py`:
- ☐ Save trained model (joblib/pickle)
- ☐ Save feature pipeline
- ☐ Save preprocessing steps
- ☐ Save model metadata:
 - ☐ Training date
 - ☐ Performance metrics
 - ☐ Feature list
 - ☐ Hyperparameters
- ☐ Save to `models/` directory

7.2 Model Versioning

- [] Implement model versioning:
- [] Version naming convention (e.g., v1.0.0)
- [] Model registry (simple JSON file or MLflow)
- [] Model comparison tracking

7.3 Model Loading

- [] Create model loading function
- [] Validate loaded model
- [] Test inference with loaded model

Deliverables:

- Model persistence module
- Saved model artifacts
- Model versioning system

Estimated Time: 2-3 days

Phase 8: API Development

8.1 FastAPI Application Structure

- [] Create `src/api/main.py`:
- [] FastAPI app initialization
- [] Model loading on startup
- [] Health check endpoint: `GET /health`
- [] Model info endpoint: `GET /model/info`

8.2 Prediction Endpoints

- [] Create `src/api/schemas.py`:
- [] Pydantic models for request/response
- [] Input validation schemas
- [] Response schemas

- [] Create `src/api/predictor.py`:
- [] Single prediction endpoint: `POST /predict`
- [] Batch prediction endpoint: `POST /predict/batch`
- [] Input validation
- [] Feature transformation
- [] Model inference
- [] Response formatting

8.3 Error Handling

- [] Create `src/api/errors.py`:
- [] Custom exception classes
- [] Error handlers
- [] Validation error responses
- [] Model inference errors

8.4 API Documentation

- [] Configure OpenAPI/Swagger documentation
- [] Add endpoint descriptions
- [] Add example requests/responses
- [] Document error codes

8.5 API Testing

- [] Create `tests/test_api.py`:
- [] Test health endpoint
- [] Test prediction endpoints
- [] Test input validation
- [] Test error handling
- [] Integration tests

Deliverables:

- FastAPI application
- Prediction endpoints
- API documentation
- API tests

Estimated Time: 1-2 weeks

Phase 9: Docker & Deployment

9.1 Docker Configuration Review

- ☐ Review and optimize Dockerfile:
- ☐ Multi-stage build (if needed)
- ☐ Minimize image size
- ☐ Optimize layer caching
- ☐ Review docker-compose.yml
- ☐ Test Docker build locally

9.2 Environment Configuration

- ☐ Create `.env.example`:
- ☐ API configuration
- ☐ Model path
- ☐ Logging level
- ☐ Update docker-compose.yml for environment variables

9.3 Deployment Preparation

- ☐ Create deployment documentation
- ☐ Test containerized application
- ☐ Performance testing:
- ☐ Load testing (optional)
- ☐ Response time testing
- ☐ Resource requirements documentation

9.4 CI/CD (Optional Enhancement)

- ☐ **[OPTIONAL]** Set up GitHub Actions:
- ☐ Run tests on push
- ☐ Code quality checks (black, flake8)
- ☐ Build Docker image

- ☐ Deploy to staging (optional)

[!NOTE] CI/CD is valuable for production systems but not essential for MVP.
Consider implementing after core functionality is complete.

Deliverables:

- Optimized Docker configuration
- Deployment documentation
- CI/CD pipeline (optional)

Estimated Time: 1 week

Phase 10: Documentation & Testing

10.1 Code Documentation

- ☐ Add docstrings to all functions and classes
- ☐ Document module purposes
- ☐ Add type hints throughout codebase
- ☐ Create API documentation

10.2 Project Documentation

- ☐ Update README.md with:
- ☐ Complete setup instructions
- ☐ Usage examples
- ☐ API usage guide
- ☐ Model information
- ☐ Create CONTRIBUTING.md (if applicable)
- ☐ Create ARCHITECTURE.md:
- ☐ Project structure
- ☐ Data flow
- ☐ Model architecture

10.3 Testing

- ☐ Unit tests for all modules:
- ☐ Data processing tests
- ☐ Feature engineering tests
- ☐ Model training tests
- ☐ API tests
- ☐ Integration tests
- ☐ Achieve >80% test coverage
- ☐ Create `tests/README.md` with testing instructions

10.4 Usage Examples

- ☐ Create example notebooks:
- ☐ Model training example
- ☐ API usage example
- ☐ Prediction example
- ☐ Create example scripts

Deliverables:

- Complete code documentation
- Updated project documentation
- Comprehensive test suite
- Usage examples

Estimated Time: 1-2 weeks

Phase 11: Optimization & Refinement

11.1 Performance Optimization

- ☐ Profile code for bottlenecks
- ☐ Optimize data loading
- ☐ Optimize feature engineering pipeline
- ☐ Optimize model inference:
- ☐ Batch processing

- ☐ Model quantization (optional)
- ☐ Caching strategies

11.2 Code Quality

- ☐ Code review and refactoring
- ☐ Follow PEP 8 style guide
- ☐ Remove unused code
- ☐ Improve error messages
- ☐ Add logging throughout application

11.3 Model Monitoring (Optional Enhancement)

- ☐ **[OPTIONAL]** Create monitoring dashboard
- ☐ **[OPTIONAL]** Track prediction distribution
- ☐ **[OPTIONAL]** Monitor model drift
- ☐ **[OPTIONAL]** Set up alerts

[!WARNING] Model monitoring is critical for production systems but requires additional infrastructure. For portfolio/demo purposes, focus on core ML pipeline first.

Deliverables:

- Optimized codebase
- Performance improvements
- Code quality improvements

Estimated Time: 1 week

Implementation Timeline

[!NOTE] > **MVP Strategy:** Focus on essential tasks first to build a working end-to-end pipeline (Phases 1-8 core features). Optional enhancements can be added iteratively.

Phase	Task	Estimated Time	Priority	Status
1	Exploratory Data Analysis	1-2 weeks	Essential	✅ Completed
2	Data Preprocessing & Cleaning	1 week	Essential	✅ Completed
3	Feature Engineering (Essential)	1 week	Essential	✅ Completed
3.1	Feature Engineering (Optional)	1 week	Optional	✅ Completed
4	Baseline Models	3-5 days	Essential	✅ Completed
5	Advanced Models (RF + XGBoost)	1-2 weeks	Essential	⌚ Pending
5.1	Additional Models (LightGBM, CatBoost)	1 week	Optional	⌚ Pending
6	Model Optimization	1 week	Essential	⌚ Pending
6.1	Model Ensemble	3-5 days	Optional	⌚ Pending
7	Model Persistence	2-3 days	Essential	⌚ Pending
8	API Development	1-2 weeks	Essential	⌚ Pending
9	Docker & Deployment	1 week	Essential	⌚ Pending
9.1	CI/CD Pipeline	3-5 days	Optional	⌚ Pending
10	Documentation & Testing	1-2 weeks	Essential	⌚ Pending
11	Optimization & Refinement	1 week	Essential	⌚ Pending
11.1	Model Monitoring	3-5 days	Optional	⌚ Pending

MVP Timeline (Essential Only): 10-12 weeks

Full Implementation (Essential + Optional): 12-16 weeks

Key Deliverables Checklist

Data & Analysis

- ☒ Raw datasets collected
- ☒ Data enrichment completed
- ☒ EDA notebooks completed
- ☒ Data cleaning pipeline
- ☒ Feature engineering pipeline

Models

- ☒ Baseline models implemented
- ☐ Advanced models trained
- ☐ Best model selected and optimized
- ☒ Model artifacts saved (baseline results in `models/baseline_results/`)
- ☒ Model performance report (baseline models)

API & Deployment

- ☐ FastAPI application
- ☐ Prediction endpoints
- ☐ Docker configuration
- ☐ Deployment documentation

Documentation & Quality

- ☐ Complete code documentation
 - ☐ Project documentation
 - ☐ Test suite (>80% coverage)
 - ☐ Usage examples
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Success Criteria

- ☐ Model achieves acceptable performance:
 - ☐ MAPE < 15-20% (or RMSE < acceptable threshold)
 - ☐ $R^2 > 0.85$
 - ☐ API responds to predictions in < 1 second
 - ☐ Code is well-documented and tested (>80% coverage)
 - ☐ Project can be easily reproduced and deployed
 - ☐ All phases are completed and documented
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Notes & Considerations

Development Best Practices

1. **Data Quality:** Continuously monitor data quality throughout the pipeline
2. **Reproducibility:** Use random seeds for all random operations
3. **Version Control:** Track model versions and data versions
4. **Performance:** Balance model accuracy with inference speed
5. **Interpretability:** Consider model interpretability for business stakeholders
6. **Scalability:** Design pipeline to handle larger datasets in the future

Production Readiness (Future Considerations)

[!WARNING] > **Synthetic Data Validation:** Before deploying to production, validate model predictions against real-world market data. The current dataset uses synthetic features that may not capture all market dynamics.



1. **Model Retraining:** Plan for periodic model retraining (monthly/quarterly) as car market conditions change
2. **Drift Monitoring:** Implement data drift detection to identify when model performance degrades
3. **A/B Testing:** Consider A/B testing framework for comparing model versions in production
4. **Business Validation:** Validate predictions with automotive market experts before production deployment

5. **Edge Cases:** Document and handle edge cases (luxury cars, rare models, extreme mileage)
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Next Steps

1. **Start with Phase 1:** Begin Exploratory Data Analysis
 2. **Create first notebook:** `notebooks/01_data_overview.ipynb`
 3. **Set up development environment:** Ensure all dependencies are installed
 4. **Review data:** Load and inspect enriched datasets
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Last Updated: 2024-12-08

Current Phase: Phase 4 - Baseline Models  Completed | Phase 5 - Advanced Models  Next

Strategy: MVP-first approach with essential features, then iterate with optional enhancements