

Math 362: Mathematical Statistics II

Le Chen

le.chen@emory.edu

Emory University
Atlanta, GA

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Chapter 11. Regression

§ 11.1 Introduction

§ 11.4 Covariance and Correlation

§ 11.2 The Method of Least Squares

§ 11.3 The Linear Model

§ 11.A Appendix Multiple/Multivariate Linear Regression

§ 11.5 The Bivariate Normal Distribution

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§ 11.1 Introduction

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§ 11.5 The Bivariate Normal Distribution

	Indep. variables			Dependent variables		
Sample 1	x_{11}	\cdots	x_{1m}	y_{11}	\cdots	y_{1d}
\vdots	\vdots	\vdots	\vdots	\vdots	\vdots	\vdots
Sample n	x_{n1}	\cdots	x_{nm}	y_{n1}	\cdots	y_{nd}

$$Y_{ij} = \sum_{k=1}^m \beta_{kj} X_{ik} + \epsilon_{ij}, \quad 1 \leq i \leq n, 1 \leq j \leq d, \quad \epsilon_{ij} \text{ i.i.d. } \sim N(0, \sigma^2).$$

$m = d = 1$	(Simple) linear regression
$m \geq 2$	Multiple linear regression
$d \geq 2$	Multivariate linear regression

1. Overdetermined system: $Y = XB$.

2. The least square solutions are (provided that $X^T X$ is nonsingular)

$$B = (X^T X)^{-1} X^T Y$$

E.g. Broadway shows¹

```
1 > # This is an example of multiple regression.
2 > # Dataset is explained here:
3 > # https://dasl.datadescription.com/datafile/broadway-shows/?\_sfm\_methods=Multiple+Regression&\_sfm\_cases=4+59943&sort\_order=title+asc
4 >
5 > # Read data from the URL link
6 > library(data.table)
7 > mydat <- fread('https://dasl.datadescription.com/download/data/3087')
8 [100*] Downloaded 965 bytes...
9 > head(mydat)
10   Season Gross($M) Attendance Playing weeks New Productions Mean ticket Pct
      .sold LogGross
11 1: 1984      209      7.26      1078          33 28.78788 0.04714286
      2.320146
12 2: 1985      190      6.54      1041          34 29.05199 0.04397695
      2.278754
13 3: 1986      208      7.04      1039          41 29.54546 0.04743022
      2.318063
14 4: 1987      253      8.14      1113          30 31.08108 0.05119497
      2.403120
15 5: 1988      262      7.96      1108          33 32.91457 0.05028881
      2.418301
16 6: 1989      282      8.04      1070          39 35.07463 0.05259813
      2.450249
```

¹https://dasl.datadescription.com/datafile/broadway-shows/?_sfm_methods=Multiple+Regression&_sfm_cases=4+59943&sort_order=title+asc

```

1 > # Multiple Linear Regression Example with intercept
2 > fit <- lm('Gross($M)' ~ Season + Attendance + 'Playing weeks' + 'New
   Productions' + 'Mean ticket' + 'Pct.sold' + LogGross, data=mydat)
3 > summary(fit) # show results

```

```

4
5 Call:
6 lm(formula = 'Gross($M)' ~ Season + Attendance + 'Playing weeks' +
7   'New Productions' + 'Mean ticket' + Pct.sold + LogGross,
8   data = mydat)

```

```

9
10 Residuals:
11     Min       1Q   Median       3Q      Max
12 -31.925 -5.756 -0.055  7.172 14.040

```

```

13
14 Coefficients:
15             Estimate Std. Error t value Pr(>|t|)
16 (Intercept)  -2.053e+04 7.348e+03  -2.795 0.00983 **
17 Season        1.132e+01 3.829e+00  2.957 0.00670 **
18 Attendance    9.745e+01 3.537e+01  2.755 0.01079 *
19 'Playing weeks' 4.566e-02 3.084e-01  0.148 0.88348
20 'New Productions' -9.560e-01 5.982e-01  -1.598 0.12255
21 'Mean ticket'  1.680e+01 8.306e-01 20.221 < 2e-16 *
22 Pct.sold      1.779e+03 6.811e+03  0.261 0.79604
23 LogGross     -1.301e+03 1.610e+02  -8.085 1.94e-08 *

```

```

24 ---
25 Signif. codes: 0 '*' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

```

```

26
27 Residual standard error: 10.61 on 25 degrees of freedom
28 Multiple R-squared: 0.9994, Adjusted R-squared: 0.9992
29 F-statistic: 6068 on 7 and 25 DF, p-value: < 2.2e-16

```

```

1 > # Compute the coefficients using the generalized inverse (with intercept)
2 > library(matlib)
3 > m <- length(mydat)-1
4 > M <- data.matrix(mydat, rownames.force = NA)
5 > n <- nrow(M)
6 > m <- ncol(M)
7 > X <- cbind(rep(1,n),M[1:n,c(1,3:m)])
8 > Y <- M[1:n,2]
9 > inv((t(X)*X) * t(X) * Y
10      [,1]
11      -2.053451e+04
12 Season      1.132227e+01
13 Attendance  9.745043e+01
14 Playing weeks 4.565847e-02
15 New Productions -9.560446e-01
16 Mean ticket  1.679521e+01
17 Pct.sold     1.779471e+03
18 LogGross    -1.301463e+03
19 > # Or you can compute the generalized inverse use the package pracma
20 > library(pracma)
21 > pinv(X) *Y
22      [,1]
23 [1,] -2.053451e+04
24 [2,]  1.132227e+01
25 [3,]  9.745043e+01
26 [4,]  4.565847e-02
27 [5,] -9.560446e-01
28 [6,]  1.679521e+01
29 [7,]  1.779471e+03
30 [8,] -1.301463e+03

```



```

1 > # Multiple Linear Regression Example without intercept
2 > fit2 <- lm('Gross($M)' ~ Season + Attendance + 'Playing weeks' + 'New
    Productions' + 'Mean ticket' + 'Pct.sold' + LogGross -1, data=mydat)
3 > summary(fit2) # show results

```

```

4
5 Call:
6 lm(formula = 'Gross($M)' ~ Season + Attendance + 'Playing weeks' +
7   'New Productions' + 'Mean ticket' + Pct.sold + LogGross -
8   1, data = mydat)

```

```

9
10 Residuals:
11     Min       1Q   Median       3Q      Max
12 -36.334 -3.758  2.570  6.282 18.324

```

```

13
14 Coefficients:
15             Estimate Std. Error t value Pr(>|t|)
16 Season           0.62744   0.15089   4.158 0.000309 *
17 Attendance       91.28669  39.65848   2.302 0.029610 *
18 'Playing weeks'   0.04173   0.34641   0.120 0.905047
19 'New Productions' -0.74486  0.66658  -1.117 0.274032
20 'Mean ticket'     18.09840   0.77213  23.440 < 2e-16 *
21 Pct.sold         1369.35407  7649.90823  0.179 0.859323
22 LogGross         -990.63826  130.72506  -7.578 4.81e-08 *

```

```

23 ---
24 Signif. codes: 0 '*' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

```

```

25
26 Residual standard error: 11.92 on 26 degrees of freedom
27 Multiple R-squared: 0.9998, Adjusted R-squared: 0.9998
28 F-statistic: 2.069e+04 on 7 and 26 DF, p-value: < 2.2e-16

```

```

1 > # Compute the coefficients using the generalized inverse (without intercept)
2 > library(matlib)
3 > m <- length(mydat)-1
4 > M <- data.matrix(mydat, rownames.force = NA)
5 > n <- nrow(M)
6 > m <- ncol(M)
7 > X <- M[1:n,c(1,3:m)]
8 > Y <- M[1:n,2]
9 > inv((t(X)*X)) * t(X) * Y
10      [,1]
11 Season      0.62744066
12 Attendance  91.28668689
13 Playing weeks  0.04172758
14 New Productions -0.74485881
15 Mean ticket   18.09839993
16 Pct.sold     1369.35406937
17 LogGross     -990.63826155
18 > # Or you can compute the generalized inverse use the package pracma
19 > library(pracma)
20 > pinv(X) *Y
21      [,1]
22 [1,]  0.62744066
23 [2,]  91.28668689
24 [3,]  0.04172758
25 [4,] -0.74485881
26 [5,]  18.09839993
27 [6,] 1369.35406890
28 [7,] -990.63826154

```