

Probability and Statistics (BTech CSE)

Anmol Nawani

May 14, 2023

Contents

1	Ungrouped Data	1
1.1	Mean	1
1.2	Mode	1
1.3	Median	1
1.4	Variance and Standard Deviation	2
1.5	Moments	2
1.5.1	About some constant A	2
1.5.2	About Mean (Central Moment)	2
1.5.3	About Zero (Raw Moment)	2
2	Grouped Data	3
2.1	Mean	3
2.2	Mode	4
2.3	Median	4
2.4	Variance and Standard Deviation	4
2.5	Moments	5
2.5.1	About some constant A	5
2.5.2	About Mean (Central Moment)	5
2.5.3	About Zero (Raw Moment)	5
3	Relation between Mean, Median and Mode	5
4	Relation between raw and central moments	5
5	Skewness and Kurtosis	5
5.1	Skewness	5
5.1.1	Pearson's coefficient of skewness	6

5.1.2	Moment based coefficient of skewness	6
5.1.3	Karl Pearson's γ_1	6
5.2	Kurtosis	7
5.2.1	Karl Pearson's γ_2	8
6	Basic Probability	8
6.1	Conditional Probability	8
6.2	Law of Total Probability	8
6.3	Some basic identities	10
7	Probability Function	10
7.1	Types of probability functions (Continious and Discrete ran- dom variables)	11
8	Proability Mass Function	11
8.1	Properties of Probability Mass Function	11
8.1.1	For discrete variables	12
8.1.2	For continious variables	12
8.2	Some properties of mean and variance	13
9	Moment Generating Function	13
9.1	For discrete	13
9.2	For continious	13
9.3	Calculations of Moments ($E(X)$) using MGF	13
10	Binomial Distribution	14
10.1	Additive Property of Binomial Distribution	14
10.2	Using a binomial distribution	15
11	Poisson Distribution	16
11.1	Additive property	16
12	Exponential Distribution	16
12.1	Memory Less Property	17
13	Normal Distribution	17
13.1	Odd Moments	17
13.2	Even Moments	17
13.3	Properties	18
13.4	Additive property	18

14 Standard Normal Distribution	18
15 Joint Probability Mass Function	19
15.1 Marginal probability distribution (from joint PMF)	20
15.2 Conditional Probability for Joint PMF	20
15.3 Independant Random Variables	20
15.4 Moment of Joint Variables	20
15.5 Covaraince	21
15.5.1 Properties of covariance	21
15.5.2 Variance of two random variables	21
15.6 Correlation	21
15.7 Conditional moments	21
16 Useful equation	21
17 Covariance in discrete data	22
18 Regression	22
18.1 Lines of regression	22
18.1.1 y on x	22
18.1.2 x on y	22
18.1.3 Correlation	23
18.2 Angle between lines of regression	23

1 Ungrouped Data

Ungrouped data is data that has not been arranged in any way. So it is just a list of observations

$$x_1, x_2, x_3, \dots, x_n$$

1.1 Mean

$$\bar{x} = \frac{x_1 + x_2 + x_3 + \dots + x_n}{n}$$

$$\bar{x} = \frac{\sum_{i=1}^n x_i}{n}$$

1.2 Mode

The observation which occurs the highest number of time. So the x_i which has the highest count in the observation list.

1.3 Median

The median is the middle most observations. After ordering the n observations in observation list in either Ascending or Descending order (any order works). The median will be :

- n is even

$$Median = \frac{x_{\frac{n}{2}} + x_{(\frac{n}{2}+1)}}{2}$$

- n is odd

$$Median = x_{\frac{n+1}{2}}$$

1.4 Variance and Standard Deviation

$$Variance = \sigma^2$$

$$Standard\ deviation = \sigma$$

$$\sigma^2 = \frac{\sum_{i=1}^n (x_i - Mean)^2}{n}$$

$$\sigma^2 = \frac{\sum_{i=1}^n x_i^2}{n} - (Mean)^2$$

1.5 Moments

1.5.1 About some constant A

$$r^{th}\ moment = \frac{1}{n} \sum (x_i - A)^r$$

1.5.2 About Mean (Central Moment)

When $A = Mean$, then the moment is called central moment.

$$\mu_r = \frac{1}{n} \sum (x_i - Mean)^r$$

1.5.3 About Zero (Raw Moment)

When $A = 0$, then the moment is called raw moment.

$$\mu'_r = \frac{1}{n} \sum x_i^r$$

2 Grouped Data

Data which is grouped based on the frequency at which it occurs. So if 9 appears 5 times in our observations, we group as $x(\text{observation}) = 9$ and $f(\text{frequency}) = 5$.

x (observations)	f (frequency)
2	5
1	3
4	5
8	9

If we store it in data way, i.e. the observations are of form 10-20, 20-30, 30-40 ... then we will get x_i by doing

$$x_i = \frac{\text{lower limit} + \text{upper limit}}{2}$$

i.e,

x_i for 20-30 will be $\frac{20+30}{2}$

So for data

	f (frequency)
0- 20	2
20-40	6
40-60	1
60-80	3

the x_i 's will become.

	f_i	x_i
0- 20	2	10
20-40	6	30
40-60	1	50
60-80	3	70

2.1 Mean

$$\bar{x} = \frac{\sum f_i x_i}{\sum f_i}$$

2.2 Mode

The **modal class** is the record with the row with the highest f_i

$$Mode = l + \left(\frac{f_1 - f_0}{2f_1 - f_0 - f_2} \right) \times h$$

In the formula :

l → lower limit of modal class

f_1 → frequency(f_i) of the modal class

f_0 → frequency of the row preceding modal class

f_2 → frequency of the row after the modal class

h → size of class interval (upper limit - lower limit)

2.3 Median

The median for grouped data is calculated with the help of **cumulative frequency**. The cumulative frequency (cf_i) is given by:

$$cf_i = f_1 + f_2 + f_3 + \dots + f_i$$

The **median class** is the class whose cf_i is just greater than or is equal to $\frac{\sum f}{2}$

$$Median = l + \left(\frac{(n/2) - cf}{f} \right) \times h$$

In the formula :

l → lower limit of the median class

h → size of class interval (upper limit - lower limit)

n → number of observations

cf → cumulative frequency of the median class

f → frequency of the median class

2.4 Variance and Standard Deviation

$$Variance = \sigma^2$$

$$Standard\ deviation = \sigma$$

$$\sigma^2 = \frac{\sum_{i=1}^n f_i(x_i - Mean)^2}{\sum f_i}$$

$$\sigma^2 = \frac{\sum_{i=1}^n f_i x_i^2}{\sum f_i} - (Mean)^2$$

2.5 Moments

2.5.1 About some constant A

$$r^{th} \text{ moment} = \frac{1}{\sum f_i} [\sum f_i (x_i - A)^r]$$

2.5.2 About Mean (Central Moment)

When A = Mean, then the moment is called central moment.

$$\mu_r = \frac{1}{\sum f_i} [\sum f_i (x_i - Mean)^r]$$

2.5.3 About Zero (Raw Moment)

When A = 0, then the moment is called raw moment.

$$\mu'_r = \frac{1}{\sum f_i} [\sum f_i x_i^r]$$

3 Relation between Mean, Median and Mode

$$3Median = 2Mean + Mode$$

4 Relation between raw and central moments

$$\mu_0 = \mu'_0 = 1$$

$$\mu_1 = 0$$

$$\mu_2 = \mu'_2 - \mu_1'^2$$

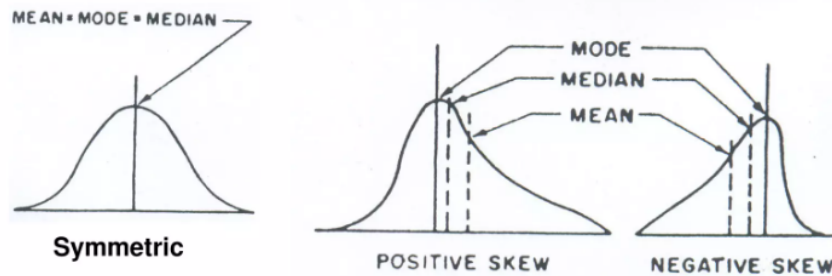
$$\mu_3 = \mu'_3 - 3\mu_1'\mu_2' + 2\mu_1'^3$$

$$\mu_4 = \mu'_4 - 4\mu_3'\mu_1' + 6\mu_2'\mu_1'^2 - 3\mu_1'^4$$

5 Skewness and Kurtosis

5.1 Skewness

- If Mean > Mode, then skewness is positive
- If Mean = Mode, then skewness is zero (graph is symmetric)
- If Mean < Mode, then skewness is zero



5.1.1 Pearson's coefficient of skewness

The Pearson's coefficient of skewness is denoted by S_{KP}

$$S_{KP} = \frac{Mean - Mode}{Standard\ Deviation}$$

- If S_{KP} is zero then distribution is symmetrical
- If S_{KP} is positive then distribution is positively skewed
- If S_{KP} is negative then distribution is negatively skewed

5.1.2 Moment based coefficient of skewness

The moment based coefficient of skewness is denoted by β_1 . The μ here is central moment.

$$\beta_1 = \frac{\mu_3^2}{\mu_2^3}$$

The drawback of using β_1 as a coefficient of skewness is that it **can only tell if distribution is symmetrical or not**, when $\beta_1 = 0$. It can't tell us the direction of skewness, i.e positive or negative.

- If β_1 is zero, then distribution is symmetrical

5.1.3 Karl Pearson's γ_1

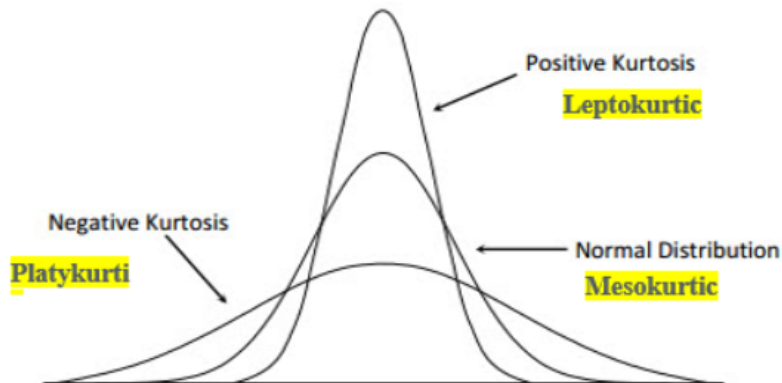
To remove the drawback of the β_1 , we can derive Karl Pearson's γ_1

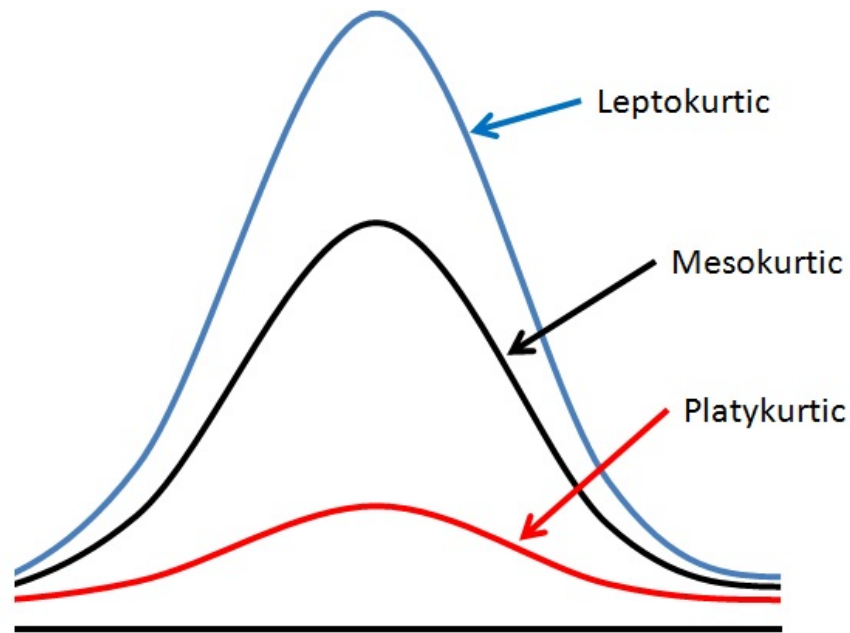
$$\gamma_1 = \sqrt{\beta_1}$$
$$\gamma_1 = \frac{\mu_3}{\mu_2^{3/2}}$$

- If μ_3 is positive, the distribution has positive skewness
- If μ_3 is negative, the distribution has negative skewness
- If μ_3 is zero, the distribution is symmetrical

5.2 Kurtosis

Kurtosis is the measure of the peak and the curve and the "fatness" of the curve.





The kurtosis is calculated using β_2

$$\beta_2 = \frac{\mu_4}{\mu_2^2}$$

The value of β_2 tells us about the type of curve

- Leptokurtic (High Peak) when $\beta_2 > 3$
- Mesokurtic (Normal Peak) when $\beta_2 = 3$
- Platykurtic (Low Peak) when $\beta_2 < 3$

5.2.1 Karl Pearson's γ_2

γ_2 is defined as:

$$\gamma_2 = \beta_2 - 3$$

- Leptokurtic when $\gamma_2 > 0$
- Mesokurtic when $\gamma_2 = 0$
- Platykurtic when $\gamma_2 < 0$

6 Basic Probability

6.1 Conditional Probability

If some event B has already occurred, then the probability of the event A is:

$$P(A | B) = \frac{P(A \cap B)}{P(B)}$$

$P(A | B)$ is read as A given B. So we are given that B has occurred and this is probability of now A occurring.

6.2 Law of Total Probability

The law of total probability is used to find probability of some event A that has been partitioned into several different places/parts.

$$P(A) = P(A|B_1)P(B_1)+P(A|B_2)P(B_2)+P(A|B_3)P(B_3)+\dots+P(A|B_i)P(B_i)$$

$$P(A) = \Sigma P(A|B_i)P(B_i)$$

Example, Suppose we have 2 bags with marbles

- Bag 1 : 7 red marbles and 3 green marbles
- Bag 2 : 2 red marbles and 8 green marbles

Now we select one bag at random (i.e, the probability of choosing any of the two bags is equal so 0.5). If we draw a marble, what is the probability that it is a green marble?

Sol. The green marbles are in parts in bag 1 and bag 2.

Let G be the event of green marble.

Let B_1 be the event of choosing the bag 1

Let B_2 be the event of choosing the bag 2

Then, $P(G|B_1) = \frac{3}{7+3}$ and $P(G|B_2) = \frac{8}{2+8}$

Now, we can use the law of total probability to get

$$P(G) = P(G|B_1)P(B_1) + P(G|B_2)P(B_2)$$

Example 2, Suppose there are 3 forests in a park.

- Forest A occupies 50% of land and 20% plants in it are poisonous

- Forest B occupies 30% of land and 40% plants in it are poisonous
- Forest C occupies 20% of land and 70% plants in it are poisonous

What is the probability of a random plant from the park being poisonous.

Sol. Since probability is equal across whole area of the park. Event A is plant being from Forest A, Event B is plant being from Forest B and Event C is plant being from Forest C. If event P is plant being poisonous, then using law of total probability,

$$P(P) = P(P|A)P(A) + P(P|B)P(B) + P(P|C)P(C)$$

And we know $P(A) = 0.5$, $P(B) = 0.3$ and $P(C) = 0.2$. Also $P(P|A) = 0.20$, $P(P|B) = 0.40$ and $P(P|C) = 0.70$

6.3 Some basic identities

- Probabilities follow law of inclusion and exclusion

$$P(A \cup B) = P(A) + P(B) - P(A \cap B)$$

- DeMorgan's Theorem

$$P(\overline{A \cap B}) = P(\overline{A} \cup \overline{B})$$

$$P(\overline{A \cup B}) = P(\overline{A} \cap \overline{B})$$

- Some other Identity

$$P(\overline{A} \cap B) + P(A \cap B) = P(B)$$

$$P(A \cap \overline{B}) + P(A \cap B) = P(A)$$

7 Probability Function

It is a mathematical function that gives probability of occurrence of different possible outcomes. We use variables to represent these possible outcomes called **random variables**. These are represented by capital letters. Example, X , Y , etc. We use these random variables as:

Suppose X is flipping two coins.

$$X = \{HH, HT, TT, TH\}$$

We can represent it as,

$$X = \{0, 1, 2, 3\}$$

Now we can write a probability function $P(X = x)$ for flipping two coins as :

x	$P(X = x)$
0	0.25
1	0.25
2	0.25
3	0.25

Another example is throwing two dice and our random variable X is sum of those two dice.

x	$P(X = x)$
2	1/36
3	2/36
4	3/36
5	4/36
6	5/36
7	6/36
8	5/36
9	4/36
10	3/36
11	2/36
12	1/36

7.1 Types of probability functions (Continuous and Discrete random variables)

Based on the range of the Random variables, probability function has two different names.

- For discrete random variables it is called Probability Distribution function.
- For continuous random variables it is called Probability Density function.

8 Probability Mass Function

If we can get a function such that,

$$f(x) = P(X = x)$$

then $f(x)$ is called a **Probability Mass Function** (PMF).

8.1 Properties of Probability Mass Function

Suppose a PMF

$$f(x) = P(X = x)$$

Then,

8.1.1 For discrete variables

$$\sum f(x) = 1$$

$$E(X^n) = \sum x^n f(x)$$

For $E(X)$, the summation is over all possible values of x .

$$\text{Mean} = E(X) = \sum x f(x)$$

$$\text{Variance} = E(X^2) - (E(X))^2 = \sum x^2 f(x) - (\sum x f(x))^2$$

To get probabilities

$$P(a \leq X \leq b) = \sum_a^b f(x)$$

$$P(a < X \leq b) = \left(\sum_a^b f(x) \right) - f(a)$$

$$P(a \leq X < b) = \left(\sum_a^b f(x) \right) - f(b)$$

Basically, we just add all $f(x)$ values from range of samples we need.

8.1.2 For continuous variables

$$\int_{-\infty}^{\infty} f(x)dx = 1$$

$$E(X^n) = \int_{-\infty}^{\infty} x^n f(x)dx$$

We only consider integral from the possible values of x. Else we assume 0.

$$\text{Mean} = E(X) = \int_{-\infty}^{\infty} xf(x)dx$$

$$\text{Variance} = E(X^2) - (E(X))^2 = \int_{-\infty}^{\infty} x^2 f(x)dx - \left(\int_{-\infty}^{\infty} xf(x)dx\right)^2$$

To get probability from a to b (inclusive and exclusive doesn't matter in continuous).

$$P(a < X < b) = \int_a^b f(x)dx$$

8.2 Some properties of mean and variance

- Mean

$$E(aX) = aE(X)$$

$$E(a) = a$$

$$E(X + Y) = E(X) + E(Y)$$

- Variance

If

$$V(X) = E(X^2) - (E(X))^2$$

Then

$$V(aX) = a^2V(X)$$

$$V(a) = 0$$

9 Moment Generating Function

The moment generating function is given by

$$M(t) = E(e^{tX})$$

9.1 For discrete

$$M(t) = \sum_0^{\infty} e^{tx} f(x)$$

9.2 For continuous

$$M(t) = \int_{-\infty}^{\infty} e^{tx} f(x) dx$$

9.3 Calculations of Moments ($E(X)$) using MGF

$$E(X^n) = \left(\frac{d^n}{dt^n} M(t) \right)_{t=0}$$

10 Binomial Distribution

The use of a binomial distribution is to calculate a known probability repeated n number of times, i.e, doing n number of trials. A binomial distribution deals with discrete random variables.

$$X = \{0, 1, 2, \dots, n\}$$

where n is the number of trials.

$$P(X = x) = {}^n C_x (p)^x (q)^{n-x}$$

Here

$n \rightarrow$ number of trials

$x \rightarrow$ number of successes

$p \rightarrow$ probability of success

$q \rightarrow$ probability of failure

$$p = 1 - q$$

- Mean

$$\text{Mean} = np$$

- Variance

$$\text{Variance} = npq$$

- Moment Generating Function

$$M(t) = (q + pe^t)^n$$

10.1 Additive Property of Binomial Distribution

For an independent variable X . The binomial distribution is represented as

$$X \sim B(n, p)$$

Here,

$n \rightarrow$ number of trials

$p \rightarrow$ probability of success

- Property

If given,

$$X_1 \sim B(n_1, p)$$

$$X_2 \sim B(n_2, p)$$

Then,

$$X_1 + X_2 \sim B(n_1 + n_2, p)$$

- **NOTE**

If

$$X_1 \sim B(n_1, p_1)$$

$$X_2 \sim B(n_2, p_2)$$

Then $X_1 + X_2$ is not a binomial distribution.

10.2 Using a binomial distribution

We can use binomial distribution to easily calculate probability of multiple trials, if probability of one trial is known. Example, the probability of a duplet (both dice have same number) when two dice are thrown is $\frac{6}{36}$.

Suppose now we want to know the probability of a 3 duplets if a pair of dice is thrown 5 times. So in this case :

$$\text{number of trials } (n) = 5$$

$$\text{number of duplets we want probability for } (x) = 3$$

$$\text{probability of duplet } (p) = \frac{6}{36}$$

$$q = 1 - p = 1 - \frac{6}{36}$$

So using binomial distribution,

$$P(\text{probability of 3 duplets}) = P(X = 3) = {}^5C_3 \left(\frac{6}{36}\right)^3 \left(\frac{30}{36}\right)^{5-3}$$

11 Poisson Distribution

A case of the binomial distribution where \mathbf{n} is indefinitely large and \mathbf{p} is very small and $\lambda = np$ is finite.

$$P(X = x) = \frac{e^{-\lambda} \lambda^x}{x!} \text{ if } x = 0, 1, 2, \dots$$

$$P(X = x) = 0 \text{ otherwise}$$

$$\lambda = np$$

- Mean

$$\text{Mean} = \lambda$$

- Variance

$$\text{Variance} = \lambda$$

- Moment Generating Function

$$M(t) = e^{\lambda(e^t - 1)}$$

11.1 Additive property

If $X_1, X_2, X_3, \dots, X_n$ follow poisson distribution with $\lambda_1, \lambda_2, \lambda_3, \dots, \lambda_n$

Then,

$$X_1 + X_2 + X_3 \dots + X_n \sim \lambda_1 + \lambda_2 + \lambda_3 + \dots + \lambda_n$$

12 Exponential Distribution

A continuous random distribution which has probability mass function

$$f(x) = \lambda e^{-\lambda x}, \text{ when } x \geq 0$$

$$f(x) = 0, \text{ otherwise}$$

$$\text{where } \lambda > 0$$

- Mean

$$\text{Mean} = \frac{1}{\lambda}$$

- Variance

$$Variance = \frac{1}{\lambda^2}$$

- Moment Generating Function

$$M(t) = \frac{\lambda}{\lambda - t}$$

12.1 Memory Less Property

$$P[X > (s + t) | X > t] = P(X > s)$$

13 Normal Distribution

Suppose for a probability function with random variable X, having mean μ and variance σ^2 . We denote normal distribution using $X \sim N(\mu, \sigma)$
The probability mass function is

$$f(x) = \frac{1}{\sigma\sqrt{2\pi}} \exp\left(-\frac{1}{2}\left(\frac{x - \mu}{\sigma}\right)^2\right)$$

$$-\infty < x < \infty$$

$$-\infty < \mu < \infty$$

$$\sigma > 0$$

Here, $exp(x) = e^x$

- Moment Generating Function

$$M(t) = exp\left(\mu t + \frac{\sigma^2 t^2}{2}\right)$$

13.1 Odd Moments

$$E(X^{2n+1}) = 0, \quad n = 0, 1, 2, \dots$$

13.2 Even Moments

$$E(X^{2n}) = 1.3.5 \dots (2n - 3)(2n - 1)\sigma^{2n}, \quad n = 0, 1, 2, \dots$$

13.3 Properties

- In a normal distribution

$$\text{Mean} = \text{Mode} = \text{Median}$$

- For normal distribution, mean deviation about mean is

$$\sigma \sqrt{\frac{2}{\pi}}$$

13.4 Additive property

Suppose for distributions $X_1, X_2, X_3 \dots X_n$ with means $\mu_1, \mu_2, \mu_3 \dots \mu_n$ and standard deviation $\sigma_1^2, \sigma_2^2, \sigma_3^2 \dots \sigma_n^2$ respectively.

Then $X_1 + X_2 + X_3$ will have mean $(\mu_1 + \mu_2 + \mu_3 + \dots + \mu_n)$ and standard deviation $(\sigma_1^2 + \sigma_2^2 + \sigma_3^2 + \dots + \sigma_n^2)$

- Additive Case

Given,

$$X_1 \sim N(\mu_1, \sigma_1)$$

$$X_2 \sim N(\mu_2, \sigma_2)$$

Then,

$$aX_1 + bX_2 \sim N\left(a\mu_1 + b\mu_2, \sqrt{a^2\sigma_1^2 + b^2\sigma_2^2}\right)$$

14 Standard Normal Distribution

The normal distribution with Mean 0 and Variance 1 is called the standard normal distribution.

$$Z \sim N(0, 1)$$

To calculate area under a given normal distribution, we can use the standard normal distribution. For that we need to calculate corresponding values in standard distribution from our given distribution. For that we have formula

$$\text{For } X \sim N(\mu, \sigma)$$

$$z = \frac{x - \mu}{\sigma}$$

$x \rightarrow$ value in our normal distribution

$\mu \rightarrow$ mean of our distribution

$\sigma \rightarrow$ standard deviation of our distribution

$z \rightarrow$ corresponding value in standard normal distribution

Example,

Suppose for a normal distribution with $X \sim N(\mu, \sigma)$ and we want to calculate probability $P(a < X < b)$, then the ranges for same probability in the Z normal distribution will be,

$$z_1 = \frac{a - \mu}{\sigma}$$

$$z_2 = \frac{b - \mu}{\sigma}$$

Now the probability in Z distribution is,

$$P(z_1 < Z < z_2)$$

$$P\left(\frac{a - \mu}{\sigma} < Z < \frac{b - \mu}{\sigma}\right)$$

So we need area under Z curve from a to b.

Then, we use the standard normal table to get the area.

- **Note :** The standard normal distribution is symmetric about the y axis. This fact can be used when calculating area under Z curve.

15 Joint Probability Mass Function

The joint probability mass distribution of two random variables X and Y is given by

$$f(x, y) = P(X = x, Y = y)$$

- For discrete

$$\sum_x \sum_y f(x, y) = 1$$

- For continuous

$$\int_{-\infty}^{\infty} \int_{-\infty}^{\infty} f(x, y) dx dy = 1$$

To get the probabilities,

$$P(a \leq X \leq b, c \leq Y \leq d) = \int_c^d \int_a^b f(x, y) dx dy$$

15.1 Marginal probability distribution (from joint PMF)

- For discrete

$$P(X = x) = f(x) = \sum_y f(x, y)$$

$$P(Y = y) = f(y) = \sum_x f(x, y)$$

- For continuous

$$P(X = x) = f(x) = \int_{-\infty}^{\infty} f(x, y) dy$$

$$P(Y = y) = f(y) = \int_{-\infty}^{\infty} f(x, y) dx$$

15.2 Conditional Probability for Joint PMF

$$P(X = x | Y = y) = f(x | y) = \frac{P(X = x, Y = y)}{P(Y = y)}$$

$$P(X = x | Y = y) = f(x | y) = \frac{f(x, y)}{f(y)}$$

15.3 Independent Random Variables

The random variables X and Y are independent if,

$$f(x, y) = f(x)f(y)$$

15.4 Moment of Joint Variables

$$E(X, Y) = E(XY) = \int_{-\infty}^{\infty} \int_{-\infty}^{\infty} xyf(x, y) dx dy$$

15.5 Covariance

The covariance of two random variables X and Y is given by,

$$\text{cov}(X, Y) = E(XY) - E(X)E(Y)$$

15.5.1 Properties of covariance

- If X and Y are independent

$$\text{cov}(X, Y) = 0$$

- If variance of some random variable X is written $\text{var}(X)$, then

$$\text{cov}(X + Y, X - Y) = \text{var}(X) - \text{var}(Y)$$

- General of previous case

$$\text{cov}(aX + bY, cX + dY) = ac.\text{var}(X) + bd.\text{var}(Y) + (ad + bc).\text{cov}(X, Y)$$

15.5.2 Variance of two random variables

$$\text{var}(aX + bY) = a^2.\text{var}(X) + b^2.\text{var}(Y) + 2ab.\text{cov}(X, Y)$$

15.6 Correlation

The standard deviation of X is σ_X and standard deviation of Y is σ_Y . Then the correlation is given by,

$$\gamma(X, Y) = \rho_{XY} = \frac{\text{cov}(X, Y)}{\sigma_X \sigma_Y}$$

here, ρ_{XY} lies between -1 and 1

$$-1 \leq \rho_{XY} \leq 1$$

15.7 Conditional moments

$$E(X | Y) = \int_{-\infty}^{\infty} xf(x | y)dx \text{ will be a function of } y$$

16 Useful equation

$$n! = \int_0^{\infty} x^n e^{-x} dx$$

17 Covariance in discrete data

Suppose for two sets of discrete data,

$$X : x_1, x_2, x_3 \dots x_n$$

$$Y : y_1, y_2, y_3 \dots y_n$$

$$cov(X, Y) = \frac{1}{n} \left(\sum_{i=1}^n x_i y_i \right) - [mean(x) \cdot mean(y)]$$

$n \rightarrow$ number of items

18 Regression

Regression is a technique to relate a dependent variable to one or more independent variables.

18.1 Lines of regression

Both lines will pass through the point (**mean(x)** , **mean(y)**)

18.1.1 y on x

Equation of line,

$$\frac{y - mean(y)}{x - mean(x)} = b_{yx}$$

Where,

$$b_{yx} = \frac{cov(X, Y)}{var(Y)}$$

18.1.2 x on y

Equation of line,

$$\frac{x - mean(x)}{y - mean(y)} = b_{xy}$$

Where,

$$b_{xy} = \frac{cov(X, Y)}{var(Y)}$$

b_{xy} and b_{yx} are called regression coefficients.

- **Note** : if one of the regression coefficients is greater than 1, then the other must be less than 1.

18.1.3 Correlation

$$\gamma(X, Y) = \rho_{XY} = \pm\sqrt{b_{xy}b_{yx}}$$

The sign of regression coefficients (b_{xy} and b_{yx}) and the correlation coefficient is same.

18.2 Angle between lines of regression

$$\tan\theta = \left(\frac{1 - \rho^2}{\rho} \frac{\sigma_X \cdot \sigma_Y}{\text{var}(X) + \text{var}(Y)} \right)$$

Here σ is standard deviation.

- If $\rho = 0$ then $\theta = \frac{\pi}{2}$
- If $\rho = \pm 1$ then $\theta = 0$