Confidence Intervals

SML201: Introduction to Data Science, Spring 2019

Michael Guerzhoy

The q family of functions

```
> qbinom(p = .025, size = 100, prob = 0.5)
 [1] 40
```

What is the largest number of heads (out of 100 tosses, with 50% probability of heads) such that pbinom(q = nH, size = 100, prob = 0.5) > 0.025?

```
> pbinom(q = 40, size = 100, prob = 0.5)
[1] 0.02844397
> pbinom(q = 39, size = 100, prob = 0.5)
[1] 0.0176001
```

```
> qnorm(p = 0.4, mean = 10, sd = 1)
[1] 9.746653
> pnorm(q = 9.75, mean = 10, sd = 1)
[1] 0.4012937
```

The q family of functions

- If we are sampling from $N(\mu, \sigma)$, what is the interval within which $\bar{X}$ will fall 95% of the time?

```
[qbinom(p = 0.025, mean = mu, sd = sigma/sqrt(n)), qbinom(p =
0.975, mean = mu, sd = sigma/sqrt(n))]
```

- Idea: the sample mean will fall below the point where pbinom is smaller than 2.5% just 2.5% of the time (same with 97.5%, mutatis mutandis)

Confidence Intervals: Motivation

- Suppose we collect a sample of observed heights, and compute the sample mean
- If we take the sample mean to be an estimate of the population mean, how far away is our estimate from the true mean?

Confidence Interval

- If we construct a 95% confidence intervals (CI) repeatedly every time we collect a sample from the population, the CI must contain the true mean of the sample at least 95% of the time
- Note: this is *not* the same as saying that any particular CI contains the true mean with probability 95%

CI: Normal Distribution

- Suppose we know our n samples come from a normal distribution with standard deviation σ. Then the 95% CI for μ will be

```
[qnorm(.025, mean = mean(x), sd =
sigma/sqrt(n)), qnorm(.975, mean =
mean(x), sd = sigma/sqrt(n))
```

- Computationally: pretend $\bar{X}$ is the true mean, and construct a CI around it
- Note: the CI becomes smaller with larger n

CI: binomial distribution

- Use the normal approximation
- The number of heads is distributed according to
$$\mathrm{Sum(X)} \sim N(pn, np(1-p))$$
- The proportion of heads is distributed according to
$$\bar{X} \sim N(p, p(1-p)/n)$$
- The CI becomes smaller with larger n
- If p is not known, estimate $p = 0.5$
  - Produces the widest CI
- With the approximation, the CI for the proportion p is
```
(qnorm(0.025, mean = mean(x), sd =
0.5/sqrt(n)), qnorm(0.975, mean =
mean(x), sd = 0.5/sqrt(n))
```

CI: binomial distribution

- The width of the CI is `qnorm(0.975, mean = mean(x), sd = 0.5/sqrt(n)) – qnorm(0.025, mean = mean(x), sd = 0.5/sqrt(n))`
- `Half the width of the 95% is often known as the “margin of error”`

CI: binomial distribution

- The margin of error for a poll with 100 observations is

```
> qnorm(p = 0.975, mean = 0, sd = 0.5/sqrt(100)) - qnorm(p = 0.025, mean = 0, sd = 0.5/sqrt(100))
[1] 0.1959964
```

- Margin of error: 10%
- A poll with 1000 observations will have a 3% margin of error
- A poll with 10000 observations will have a 1% margin of error

The University of New Hampshire's poll was conducted by speaking to 549 New Hampshire adults over the phone from April 10-18. The margin of error of the overall survey is 4.2 percent and 6.3 percent for the 241 likely Democrats surveyed. Read the full results here. *—Brendan Morrow*

```
> (qnorm(p = 0.975, mean = 0, sd = 0.5/sqrt(241))-qnorm(p = 0.025, mean = 0, sd = 0.5/sqrt(241)))/2
 [1] 0.06312619
```

Example #1

- Students' scores in a large class are normally distributed with $\sigma = 10$. What is the confidence interval for the mean if we have a sample of 50 students, with mean 80?

Example #1

- Studentss scores in a large class are normally distributed with $\sigma = 10$. What is the 95% confidence interval for the mean if we have a sample of 50 students, with mean 80.0?

```
> c(qnorm(p = 0.025, mean = 80, sd = 10/sqrt(50)), qnorm(p = 0.975, mean = 80, sd = 10/sqrt(50)))
[1] 77.22819 82.77181
```

Example #2

- We take a poll of 60 students. 82% say yes, and 18% say no. What is the 95% confidence interval for the probability of “yes”?

Example #2

- We take a poll of 60 students. 82% say yes, and 18% say no. What is the 95% confidence interval for the probability of “yes”?

```
> c(qnorm(p = 0.025, mean = .82, sd = .5/sqrt(60)), qnorm(p = 0.975, mean = .82, sd = .5/sqrt(60)))
[1] 0.6934849 0.9465151
```

Normal distribution, unknown s.d.

- Students' scores in a large class are normally distributed with $\sigma = 10$. What is the 95% confidence interval for the mean if we have a sample of 50 students, with mean 80, and sample standard deviation 7?

$$[\bar{x} + s/\sqrt{n} \times pt(0.025, df = 49), \bar{x} + s/\sqrt{n} \times pt(0.975, df = 49)]$$

Example #3

- We take a poll of 60 students. 82% say yes, and 18% say no. What is the confidence interval for the probability of “yes”?

Example #3

- We take a poll of 60 students. 82% say yes, and 18% say no. What is the confidence interval for the probability of “yes”?

```
> c(qnorm(p = 0.05, mean = .82, sd = .5/sqrt(60)),
qnorm(p = 0.95, mean = .82, sd = .5/sqrt(60)))
[1] 0.7138252 0.9261748
```

95% CI, 90% CI, 70% CI…

- Higher confidence $\Rightarrow$ wider CI
  - Need a wider CI if we want the true value to be in the CI more often
- For approximately normal distributions: length of the CI "arm" (half of the CI width) for a 95% CI is $1.96sd(\bar{X}) = \frac{1.96\sigma}{\sqrt{n}}$.
  (`qnorm(.975, mean = 0, sd = 1)`=1.96)
- For binomial distributions: length of the 95% CI "arm" is $1.96\frac{.5}{\sqrt{n}} \approx 1/\sqrt{n}$

Confidence Intervals and Hypothesis Testing

- If the null hypothesis is true, the CI will contain the null hypothesis mean 95% of the time
- If the 95% CI does not contain the null hypothesis mean, we had something happen that doesn't happen 95% of the time
  - P-value smaller than 5%
- Can use CIs to compute p-values

CI interpretation

- Not correct to say that the 95% CI contains the true mean with 95% probability
- The 95% CI will contain the true mean 95% of the time, if we collect multiple samples