Probabilistic Systems Analysis

by Fabián Kozynski

Probability

Probability models and axioms

Definition (Sample space) A sample space Ω is the set of all possible outcomes. The set's elements must be mutually exclusive, collectively exhaustive and at the right granularity.

Definition (Event) An event is a subset of the sample space. Probability is assigned to events.

Definition (Probability axioms) A probability law $\mathbb{P}$ assigns probabilities to events and satisfies the following axioms:

Nonnegativity $\mathbb{P}(A) \geq 0$ for all events A.

Normalization $\mathbb{P}(\Omega) = 1$.

(Countable) additivity For every sequence of events $A_1, A_2, \ldots$ such that $A_i \cap A_j = \varnothing$: $\mathbb{P}\left(\bigcup_i A_i\right) = \sum_i \mathbb{P}(A_i)$.

Corollaries (Consequences of the axioms)

- $\mathbb{P}(\varnothing) = 0$.
- For any finite collection of disjoint events $A_1, \ldots, A_n$, $\mathbb{P}\left(\bigcup_{i=1}^n A_i\right) = \sum_{i=1}^n \mathbb{P}(A_i)$.
- $\mathbb{P}(A) + \mathbb{P}(A^c) = 1$.
- $\mathbb{P}(A) \leq 1$.
- If $A \subset B$, then $\mathbb{P}(A) \leq \mathbb{P}(B)$.
- $\mathbb{P}(A \cup B) = \mathbb{P}(A) + \mathbb{P}(B) - \mathbb{P}(A \cap B)$.
- $\mathbb{P}(A \cup B) \leq \mathbb{P}(A) + \mathbb{P}(B)$.

Example (Discrete uniform law) Assume Ω is finite and consists of n equally likely elements. Also, assume that $A \subset \Omega$ with k elements. Then $\mathbb{P}(A) = \frac{k}{n}$.

Conditioning and Bayes' rule

Definition (Conditional probability) Given that event B has occurred and that $P(B) > 0$, the probability that A occurs is

$$\mathbb{P}(A|B) \triangleq \frac{\mathbb{P}(A \cap B)}{\mathbb{P}(B)}.$$

Remark (Conditional probabilities properties) They are the same as ordinary probabilities. Assuming $\mathbb{P}(B) > 0$:

- $\mathbb{P}(A|B) \geq 0$.
- $\mathbb{P}(\Omega|B) = 1$
- $\mathbb{P}(B|B) = 1$.
- If $A \cap C = \varnothing$, $\mathbb{P}(A \cup C|B) = \mathbb{P}(A|B) + \mathbb{P}(C|B)$.

Proposition (Multiplication rule)

$$\mathbb{P}(A_1 \cap A_2 \cap \cdots \cap A_n) = \mathbb{P}(A_1) \cdot \mathbb{P}(A_2|A_1) \cdots \mathbb{P}(A_n|A_1 \cap A_2 \cap \cdots \cap A_{n-1}).$$

Theorem (Total probability theorem) Given a partition $\{A_1, A_2, \ldots\}$ of the sample space, meaning that $\bigcup_i A_i = \Omega$ and the events are disjoint, and for every event B, we have

$$\mathbb{P}(B) = \sum_i \mathbb{P}(A_i)\mathbb{P}(B|A_i).$$

Theorem (Bayes' rule) Given a partition $\{A_1, A_2, \ldots\}$ of the sample space, meaning that $\bigcup_i A_i = \Omega$ and the events are disjoint, and if $\mathbb{P}(A_i) > 0$ for all i, then for every event B, the conditional probabilities $\mathbb{P}(A_i|B)$ can be obtained from the conditional probabilities $\mathbb{P}(B|A_i)$ and the initial probabilities $\mathbb{P}(A_i)$ as follows:

$$\mathbb{P}(A_i|B) = \frac{\mathbb{P}(A_i)\mathbb{P}(B|A_i)}{\sum_j \mathbb{P}(A_j)\mathbb{P}(B|A_j)}.$$

Independence

Definition (Independence of events) Two events are independent if occurrence of one provides no information about the other. We say that A and B are independent if

$$\mathbb{P}(A \cap B) = \mathbb{P}(A)\mathbb{P}(B).$$

Equivalently, as long as $\mathbb{P}(A) > 0$ and $\mathbb{P}(B) > 0$,

$$\mathbb{P}(B|A) = \mathbb{P}(B) \qquad \mathbb{P}(A|B) = \mathbb{P}(A).$$

Remarks

- The definition of independence is symmetric with respect to A and B.
- The product definition applies even if $\mathbb{P}(A) = 0$ or $\mathbb{P}(B) = 0$.

Corollary If A and B are independent, then A and B^c are independent. Similarly for A^c and B, or for A^c and B^c.

Definition (Conditional independence) We say that A and B are independent conditioned on C, where $\mathbb{P}(C) > 0$, if

$$\mathbb{P}(A \cap B|C) = \mathbb{P}(A|C)\mathbb{P}(B|C).$$

Definition (Independence of a collection of events) We say that events $A_1, A_2, \ldots, A_n$ are independent if for every collection of distinct indices $i_1, i_2, \ldots, i_k$, we have

$$\mathbb{P}(A_{i_1} \cap \ldots \cap A_{i_k}) = \mathbb{P}(A_{i_1}) \cdot \mathbb{P}(A_{i_2}) \cdots \mathbb{P}(A_{i_k}).$$

Counting

This section deals with finite sets with uniform probability law. In this case, to calculate $\mathbb{P}(A)$, we need to count the number of elements in A and in Ω.

Remark (Basic counting principle) For a selection that can be done in r stages, with n_i choices at each stage i, the number of possible selections is $n_1 \cdot n_2 \cdots n_r$.

Definition (Permutations) The number of permutations (orderings) of n different elements is

$$n! = 1 \cdot 2 \cdot 3 \cdots n.$$

Definition (Combinations) Given a set of n elements, the number of subsets with exactly k elements is

$$\binom{n}{k} = \frac{n!}{k!(n-k)!}.$$

Definition (Partitions) We are given an n–element set and nonnegative integers $n_1, n_2, \ldots, n_r$, whose sum is equal to n. The number of partitions of the set into r disjoint subsets, with the i^{th} subset containing exactly n_i elements, is equal to

$$\binom{n}{n_1, \ldots, n_r} = \frac{n!}{n_1! n_2! \cdots n_r!}.$$

Remark This is the same as counting how to assign n distinct elements to r people, giving each person i exactly n_i elements.

Discrete random variables

Probability mass function and expectation

Definition (Random variable) A random variable X is a function of the sample space Ω into the real numbers (or $\mathbb{R}^n$). Its range can be discrete or continuous.

Definition (Probability mass funtion (PMF)) The probability law of a discrete random variable X is called its PMF. It is defined as

$$p_X(x) = \mathbb{P}(X = x) = \mathbb{P}(\{\omega \in \Omega : X(\omega) = x\}).$$

Properties

$p_X(x) \geq 0, \ \forall x$.

$\sum_x p_X(x) = 1$.

Example (Bernoulli random variable) A Bernoulli random variable X with parameter $0 \leq p \leq 1$ ($X \sim \text{Ber}(p)$) takes the following values:

$$X = \begin{cases} 1 & \text{w.p. } p, \\ 0 & \text{w.p. } 1-p. \end{cases}$$

An indicator random variable of an event ($I_A = 1$ if A occurs) is an example of a Bernoulli random variable.

Example (Discrete uniform random variable) A Discrete uniform random variable X between a and b with $a \leq b$ ($X \sim \text{Uni}[a,b]$) takes any of the values in $\{a, a+1, \ldots, b\}$ with probability $\frac{1}{b-a+1}$.

Example (Binomial random variable) A Binomial random variable X with parameters n (natural number) and $0 \leq p \leq 1$ ($X \sim \text{Bin}(n,p)$) takes values in the set $\{0, 1, \ldots, n\}$ with probabilities $p_X(i) = \binom{n}{i} p^i (1-p)^{n-i}$.
It represents the number of successes in n independent trials where each trial has a probability of success p. Therefore, it can also be seen as the sum of n independent Bernoulli random variables, each with parameter p.

Example (Geometric random variable) A Geometric random variable X with parameter $0 \leq p \leq 1$ ($X \sim \text{Geo}(p)$) takes values in the set $\{1, 2, \ldots\}$ with probabilities $p_X(i) = (1-p)^{i-1} p$.
It represents the number of independent trials until (and including) the first success, when the probability of success in each trial is p.

Definition (Expectation/mean of a random variable) The expectation of a discrete random variable is defined as

$$\mathbb{E}[X] \triangleq \sum_x x p_X(x).$$

assuming $\sum_x |x| p_X(x) < \infty$.

Properties (Properties of expectation)

- If $X \geq 0$ then $\mathbb{E}[X] \geq 0$.
- If $a \leq X \leq b$ then $a \leq \mathbb{E}[X] \leq b$.
- If $X = c$ then $\mathbb{E}[X] = c$.

Example Expected value of know r.v.

- If $X \sim \text{Ber}(p)$ then $\mathbb{E}[X] = p$.
- If $X = I_A$ then $\mathbb{E}[X] = \mathbb{P}(A)$.
- If $X \sim \text{Uni}[a,b]$ then $\mathbb{E}[X] = \frac{a+b}{2}$.
- If $X \sim \text{Bin}(n,p)$ then $\mathbb{E}[X] = np$.
- If $X \sim \text{Geo}(p)$ then $\mathbb{E}[X] = \frac{1}{p}$.

Theorem (Expected value rule) Given a random variable X and a function $g : \mathbb{R} \to \mathbb{R}$, we construct the random variable $Y = g(X)$. Then
$$\sum_y y p_Y(y) = \mathbb{E}[Y] = \mathbb{E}[g(X)] = \sum_x g(x) p_X(x).$$

Remark (PMF of $Y = g(X)$) The PMF of $Y = g(X)$ is $p_Y(y) = \sum_{x:g(x)=y} p_X(x)$.

Remark In general $g(\mathbb{E}[X]) \neq \mathbb{E}[g(X)]$. They are equal if $g(x) = ax + b$.

Variance, conditioning on an event, multiple r.v.

Definition (Variance of a random variable) Given a random variable X with $\mu = \mathbb{E}[X]$, its variance is a measure of the spread of the random variable and is defined as
$$\operatorname{Var}(X) \triangleq \mathbb{E}\left[(X-\mu)^2\right] = \sum_x (x-\mu)^2 p_X(x).$$

Definition (Standard deviation)
$$\sigma_X = \sqrt{\operatorname{Var}(X)}.$$

Properties (Properties of the variance)

- $\operatorname{Var}(aX) = a^2 \operatorname{Var}(X)$, for all $a \in \mathbb{R}$.
- $\operatorname{Var}(X + b) = \operatorname{Var}(X)$, for all $b \in \mathbb{R}$.
- $\operatorname{Var}(aX + b) = a^2 \operatorname{Var}(X)$.
- $\operatorname{Var}(X) = \mathbb{E}[X^2] - (\mathbb{E}[X])^2$.

Example (Variance of known r.v.)

- If $X \sim \text{Ber}(p)$, then $\operatorname{Var}(X) = p(1-p)$.
- If $X \sim \text{Uni}[a, b]$, then $\operatorname{Var}(X) = \frac{(b-a)(b-a+2)}{12}$.
- If $X \sim \text{Bin}(n, p)$, then $\operatorname{Var}(X) = np(1-p)$.
- If $X \sim \text{Geo}(p)$, then $\operatorname{Var}(X) = \frac{1-p}{p^2}$

Proposition (Conditional PMF and expectation, given an event) Given the event A, with $\mathbb{P}(A) > 0$, we have the following

- $p_{X|A}(x) = \mathbb{P}(X = x|A)$.
- If A is a subset of the range of X, then: $p_{X|A}(x) \triangleq p_{X|\{X\in A\}}(x) = \begin{cases} \frac{1}{\mathbb{P}(A)} p_X(x), & \text{if } x \in A, \\ 0, & \text{otherwise.} \end{cases}$
- $\sum_x p_{X|A}(x) = 1$.
- $\mathbb{E}[X|A] = \sum_x x p_{X|A}(x)$.
- $\mathbb{E}[g(X)|A] = \sum_x g(x) p_{X|A}(x)$.

Proposition (Total expectation rule) Given a partition of disjoint events $A_1, \ldots, A_n$ such that $\sum_i \mathbb{P}(A_i) = 1$, and $\mathbb{P}(A_i) > 0$,
$$\mathbb{E}[X] = \mathbb{P}(A_1)\mathbb{E}[X|A_1] + \cdots + \mathbb{P}(A_n)\mathbb{E}[X|A_n].$$

Definition (Memorylessness of the geometric random variable) When we condition a geometric random variable X on the event $X > n$ we have memorylessness, meaning that the "remaining time" $X - n$, given that $X > n$, is also geometric with the same parameter. Formally,
$$p_{X-n|X>n}(i) = p_X(i).$$

Definition (Joint PMF) The joint PMF of random variables $X_1, X_2, \ldots, X_n$ is $p_{X_1,X_2,\ldots,X_n}(x_1, \ldots, x_n) = \mathbb{P}(X_1 = x_1, \ldots, X_n = x_n)$.

Properties (Properties of joint PMF)

- $\sum_{x_1} \cdots \sum_{x_n} p_{X_1,\ldots,X_n}(x_1, \ldots, x_n) = 1$.
- $p_{X_1}(x_1) = \sum_{x_2} \cdots \sum_{x_n} p_{X_1,\ldots,X_n}(x_1, x_2, \ldots, x_n)$.
- $p_{X_2,\ldots,X_n}(x_2, \ldots, x_n) = \sum_{x_1} p_{X_1,X_2,\ldots,X_n}(x_1, x_2, \ldots, x_n)$.

Definition (Functions of multiple r.v.) If $Z = g(X_1, \ldots, X_n)$, where $g : \mathbb{R}^n \to \mathbb{R}$, then $p_Z(z) = \mathbb{P}(g(X_1, \ldots, X_n) = z)$.

Proposition (Expected value rule for multiple r.v.) Given $g : \mathbb{R}^n \to \mathbb{R}$,
$$\mathbb{E}[g(X_1, \ldots, X_n)] = \sum_{x_1,\ldots,x_n} g(x_1, \ldots, x_n) p_{X_1,\ldots,X_n}(x_1, \ldots, x_n).$$

Properties (Linearity of expectations)

- $\mathbb{E}[aX + b] = a\mathbb{E}[X] + b$.
- $\mathbb{E}[X_1 + \cdots + X_n] = \mathbb{E}[X_1] + \cdots + \mathbb{E}[X_n]$.

Conditioning on a random variable, independence

Definition (Conditional PMF given another random variable) Given discrete random variables X, Y and y such that $p_Y(y) > 0$ we define
$$p_{X|Y}(x|y) \triangleq \frac{p_{X,Y}(x, y)}{p_Y(y)}.$$

Proposition (Multiplication rule) Given jointly discrete random variables X, Y, and whenever the conditional probabilities are defined,
$$p_{X,Y}(x, y) = p_X(x) p_{Y|X}(y|x) = p_Y(y) p_{X|Y}(x|y).$$

Definition (Conditional expectation) Given discrete random variables X, Y and y such that $p_Y(y) > 0$ we define
$$\mathbb{E}[X|Y = y] = \sum_x x p_{X|Y}(x|y).$$

Additionally we have
$$\mathbb{E}[g(X)|Y = y] = \sum_x g(x) p_{X|Y}(x|y).$$

Theorem (Total probability and expectation theorems) If $p_Y(y) > 0$, then
$$p_X(x) = \sum_y p_Y(y) p_{X|Y}(x|y),$$
$$\mathbb{E}[X] = \sum_y p_Y(y)\mathbb{E}[X|Y = y].$$

Definition (Independence of a random variable and an event) A discrete random variable X and an event A are independent if $\mathbb{P}(X = x \text{ and } A) = p_X(x)\mathbb{P}(A)$, for all x.

Definition (Independence of two random variables) Two discrete random variables X and Y are independent if $p_{X,Y}(x, y) = p_X(x) p_Y(y)$ for all x, y.

Remark (Independence of a collection of random variables) A collection $X_1, X_2, \ldots, X_n$ of random variables are independent if
$$p_{X_1,\ldots,X_n}(x_1, \ldots, x_n) = p_{X_1}(x_1) \cdots p_{X_n}(x_n), \ \forall\, x_1, \ldots, x_n.$$

Remark (Independence and expectation) In general, $\mathbb{E}[g(X, Y)] \neq g(\mathbb{E}[X], \mathbb{E}[Y])$. An exception is for linear functions: $\mathbb{E}[aX + bY] = a\mathbb{E}[X] + b\mathbb{E}[Y]$.

Proposition (Expectation of product of independent r.v.) If X and Y are discrete independent random variables,
$$\mathbb{E}[XY] = \mathbb{E}[X]\mathbb{E}[Y].$$

Remark If X and Y are independent, $\mathbb{E}[g(X)h(Y)] = \mathbb{E}[g(X)]\,\mathbb{E}[h(Y)]$.

Proposition (Variance of sum of independent random variables) IF X and Y are discrete independent random variables,
$$\operatorname{Var}(X + Y) = \operatorname{Var}(X) + \operatorname{Var}(Y).$$

Continuous random variables

PDF, Expectation, Variance, CDF

Definition (Probability density function (PDF)) A probability density function of a r.v. X is a non-negative real valued function f_X that satisfies the following

- $\int_{-\infty}^{\infty} f_X(x)\mathrm{d}x = 1$.
- $\mathbb{P}(a \le X \le b) = \int_a^b f_X(x)\mathrm{d}x$ for some random variable X.

Definition (Continuous random variable) A random variable X is continuous if its probability law can be described by a PDF f_X.

Remark Continuous random variables satisfy:

- For small $\delta > 0$, $\mathbb{P}(a \le X \le a + \delta) \approx f_X(a)\delta$.
- $\mathbb{P}(X = a) = 0$, $\forall a \in \mathbb{R}$.

Definition (Expectation of a continuous random variable) The expectation of a continuous random variable is
$$\mathbb{E}[X] \triangleq \int_{-\infty}^{\infty} x f_X(x)\mathrm{d}x.$$

assuming $\int_{-\infty}^{\infty} |x| f_X(x)\mathrm{d}x$.

Properties (Properties of expectation)

- If $X \ge 0$ then $\mathbb{E}[X] \ge 0$.
- If $a \le X \le b$ then $a \le \mathbb{E}[X] \le b$.
- $\mathbb{E}[g(X)] = \int_{-\infty}^{\infty} g(x) f_X(x)\mathrm{d}x$.
- $\mathbb{E}[aX + b] = a\mathbb{E}[X] + b$.

Definition (Variance of a continuous random variable) Given a continuous random variable X with $\mu = \mathbb{E}[X]$, its variance is
$$\operatorname{Var}(X) = \mathbb{E}\left[(X-\mu)^2\right] = \int_{-\infty}^{\infty} (x-\mu)^2 f_X(x)\mathrm{d}x.$$

It has the same properties as the variance of a discrete random variable.

Example (Uniform continuous random variable) A Uniform continuous random variable X between a and b, with $a < b$, $(X \sim \text{Uni}(a, b))$ has PDF
$$f_X(x) = \begin{cases} \frac{1}{b-a}, & \text{if } a < x < b, \\ 0, & \text{otherwise.} \end{cases}$$

We have $\mathbb{E}[X] = \frac{a+b}{2}$ and $\operatorname{Var}(X) = \frac{(b-a)^2}{12}$.

Example (Exponential random variable) An Exponential random variable X with parameter $\lambda > 0$ ($X \sim Exp(\lambda)$) has PDF

$$f_X(x) = \begin{cases} \lambda e^{-\lambda x}, & \text{if } x \geq 0, \\ 0, & \text{otherwise.} \end{cases}$$

We have $E[X] = \frac{1}{\lambda}$ and $\text{Var}(X) = \frac{1}{\lambda^2}$.

Definition (Cumulative Distribution Function (CDF)) The CDF of a random variable X is $F_X(x) = \mathbb{P}(X \leq x)$.
In particular, for a continuous random variable, we have

$$F_X(x) = \int_{-\infty}^{x} f_X(x)\mathrm{d}x,$$

$$f_X(x) = \frac{\mathrm{d}F_X(x)}{\mathrm{d}x}.$$

Properties (Properties of CDF)

- If $y \geq x$, then $F_X(y) \geq F_X(x)$.
- $\lim_{x \to -\infty} F_X(x) = 0$.
- $\lim_{x \to \infty} F_X(x) = 1$.

Definition (Normal/Gaussian random variable) A Normal random variable X with mean μ and variance $\sigma^2 > 0$ ($X \sim \mathcal{N}(\mu, \sigma^2)$) has PDF

$$f_X(x) = \frac{1}{\sqrt{2\pi\sigma^2}} e^{-\frac{1}{2\sigma^2}(x-\mu)^2}.$$

We have $E[X] = \mu$ and $\text{Var}(X) = \sigma^2$.

Remark (Standard Normal) The standard Normal is $\mathcal{N}(0, 1)$.

Proposition (Linearity of Gaussians) Given $X \sim \mathcal{N}(\mu, \sigma^2)$, and if $a \neq 0$, then $aX + b \sim \mathcal{N}(a\mu + b, a^2\sigma^2)$.
Using this $Y = \frac{X-\mu}{\sigma}$ is a standard gaussian.

Conditioning on an event, and multiple continuous r.v.

Definition (Conditional PDF given an event) Given a continuous random variable X and event A with $P(A) > 0$, we define the conditional PDF as the function that satisfies

$$\mathbb{P}(X \in B | A) = \int_B f_{X|A}(x)\mathrm{d}x.$$

Definition (Conditional PDF given $X \in A$) Given a continuous random variable X and an $A \subset \mathbb{R}$, with $P(A) > 0$:

$$f_{X|X \in A}(x) = \begin{cases} \frac{1}{\mathbb{P}(A)} f_X(x), & x \in A, \\ 0, & x \notin A. \end{cases}$$

Definition (Conditional expectation) Given a continuous random variable X and an event A, with $P(A) > 0$:

$$\mathbb{E}[X|A] = \int_{-\infty}^{\infty} f_{X|A}(x)\mathrm{d}x.$$

Definition (Memorylessness of the exponential random variable) When we condition an exponential random variable X on the event $X > t$ we have memorylessness, meaning that the "remaining time" $X - t$ given that $X > t$ is also geometric with the same parameter i.e.,

$$\mathbb{P}(X - t > x | X > t) = \mathbb{P}(X > x).$$

Theorem (Total probability and expectation theorems) Given a partition of the space into disjoint events $A_1, A_2, \ldots, A_n$ such that $\sum_i \mathbb{P}(A_i) = 1$ we have the following:

$$F_X(x) = \mathbb{P}(A_1)F_{X|A_1}(x) + \cdots + \mathbb{P}(A_n)F_{X|A_n}(x),$$
$$f_X(x) = \mathbb{P}(A_1)f_{X|A_1}(x) + \cdots + \mathbb{P}(A_n)f_{X|A_n}(x),$$
$$\mathbb{E}[X] = \mathbb{P}(A_1)\mathbb{E}[X|A_1] + \cdots + \mathbb{P}(A_n)\mathbb{E}[X|A_n].$$

Definition (Jointly continuous random variables) A pair (collection) of random variables is jointly continuous if there exists a joint PDF $f_{X,Y}$ that describes them, that is, for every set $B \subset \mathbb{R}^n$

$$\mathbb{P}((X, Y) \in B) = \iint_B f_{X,Y}(x, y)\mathrm{d}x\mathrm{d}y.$$

Properties (Properties of joint PDFs)

- $f_X(x) = \int_{-\infty}^{\infty} f_{X,Y}(x, y)\mathrm{d}y$.
- $F_{X,Y}(x, y) = \mathbb{P}(X \leq x, Y \leq y) = \int_{-\infty}^{x} \left[\int_{-\infty}^{y} f_{X,Y}(u, v)\mathrm{d}v \right] \mathrm{d}u$.
- $f_{X,Y}(x) = \frac{\partial^2 F_{X,Y}(x,y)}{\partial x \, \partial y}$.

Example (Uniform joint PDF on a set S) Let $S \subset \mathbb{R}^2$ with area $s > 0$, then the random variable (X, Y) is uniform over S if it has PDF

$$f_{X,Y}(x, y) = \begin{cases} \frac{1}{s}, & (x, y) \in S, \\ 0, & (x, y) \notin S. \end{cases}$$

Conditioning on a random variable, independence, Bayes' rule

Definition (Conditional PDF given another random variable) Given jointly continuous random variables X, Y and a value y such that $f_Y(y) > 0$, we define the conditional PDF as

$$f_{X|Y}(x|y) \triangleq \frac{f_{X,Y}(x, y)}{f_Y(y)}.$$

Additionally we define $\mathbb{P}(X \in A | Y = y) \int_A f_{X|Y}(x|y)\mathrm{d}x$.

Proposition (Multiplication rule) Given jointly continuous random variables X, Y, whenever possible we have

$$f_{X,Y}(x, y) = f_X(x)f_{Y|X}(y|x) = f_Y(y)f_{X|Y}(x|y).$$

Definition (Conditional expectation) Given jointly continuous random variables X, Y, and y such that $f_Y(y) > 0$, we define the conditional expected value as

$$\mathbb{E}[X|Y = y] = \int_{-\infty}^{\infty} x f_{X|Y}(x|y)\mathrm{d}x.$$

Additionally we have

$$\mathbb{E}[g(X)|Y = y] = \int_{-\infty}^{\infty} g(x) f_{X|Y}(x|y)\mathrm{d}x.$$

Theorem (Total probability and total expectation theorems)

$$f_X(x) = \int_{-\infty}^{\infty} f_Y(y)f_{X|Y}(x|y)\mathrm{d}y,$$
$$\mathbb{E}[X] = \int_{-\infty}^{\infty} f_Y(y)\mathbb{E}[X|Y = y]\mathrm{d}y.$$

Definition (Independence) Jointly continuous random variables X, Y are independent if $f_{X,Y}(x, y) = f_X(x)f_Y(y)$ for all x, y.

Proposition (Expectation of product of independent r.v.) If X and Y are independent continuous random variables,

$$\mathbb{E}[XY] = \mathbb{E}[X]\mathbb{E}[Y].$$

Remark If X and Y are independent,
$\mathbb{E}[g(X)h(Y)] = \mathbb{E}[g(X)]\mathbb{E}[h(Y)]$.

Proposition (Variance of sum of independent random variables) If X and Y are independent continuous random variables,

$$\text{Var}(X + Y) = \text{Var}(X) + \text{Var}(Y).$$

Proposition (Bayes' rule summary)

- For X, Y discrete: $p_{X|Y}(x|y) = \frac{p_X(x)p_{Y|X}(y|x)}{p_Y(y)}$.
- For X, Y continuous: $f_{X|Y}(x|y) = \frac{f_X(x)f_{Y|X}(y|x)}{f_Y(y)}$.
- For X discrete, Y continuous: $p_{X|Y}(x|y) = \frac{p_X(x)f_{Y|X}(y|x)}{f_Y(y)}$.
- For X continuous, Y discrete: $f_{X|Y}(x|y) = \frac{f_X(x)p_{Y|X}(y|x)}{p_Y(y)}$.

Derived distributions

Proposition (Discrete case) Given a discrete random variable X and a function g, the r.v. $Y = g(X)$ has PMF

$$p_Y(y) = \sum_{x: g(x) = y} p_X(x).$$

Remark (Linear function of discrete random variable) If $g(x) = ax + b$, then $p_Y(y) = p_X\left(\frac{y-b}{a}\right)$.

Proposition (Linear function of continuous r.v.) Given a continuous random variable X and $Y = aX + b$, with $a \neq 0$, we have

$$f_Y(y) = \frac{1}{|a|} f_X\left(\frac{y - b}{a}\right).$$

Corollary (Linear function of normal r.v.) If $X \sim \mathcal{N}(\mu, \sigma^2)$ and $Y = aX + b$, with $a \neq 0$, then $Y \sim \mathcal{N}(a\mu + b, a^2\sigma^2)$.

Example (General function of a continuous r.v.) If X is a continuous random variable and g is any function, to obtain the pdf of $Y = g(X)$ we follow the two-step procedure:

1. Find the CDF of Y: $F_Y(y) = \mathbb{P}(Y \leq y) = \mathbb{P}(g(X) \leq y)$.
2. Differentiate the CDF of Y to obtain the PDF: $f_Y(y) = \frac{\mathrm{d}F_Y(y)}{\mathrm{d}y}$.

Proposition (General formula for monotonic g) Let X be a continuous random variable and g a function that is monotonic wherever $f_X(x) > 0$. The PDF of $Y = g(X)$ is given by

$$f_Y(y) = f_X(h(y)) \left| \frac{\mathrm{d}h}{\mathrm{d}y}(y) \right|.$$

where $h = g^{-1}$ in the interval where g is monotonic.

Sums of independent r.v., covariance and correlation

Proposition (Discrete case) Let X, Y be discrete independent random variables and $Z = X + Y$, then the PMF of Z is

$$p_Z(z) = \sum_x p_X(x) p_Y(z - x).$$

Proposition (Continuous case) Let X, Y be continuous independent random variables and $Z = X + Y$, then the PDF of Z is

$$f_Z(z) = \int_{-\infty}^{\infty} f_X(x) f_Y(z - x) \mathrm{d}x.$$

Proposition (Sum of independent normal r.v.) Let $X \sim \mathcal{N}(\mu_x, \sigma_x^2)$ and $Y \sim \mathcal{N}(\mu_y, \sigma_y^2)$ independent. Then $Z = X + Y \sim \mathcal{N}(\mu_x + \mu_y, \sigma_x^2 + \sigma_y^2)$.

Definition (Covariance) We define the covariance of random variables X, Y as

$$\operatorname{Cov}(X, Y) \triangleq \mathbb{E}\left[(X - \mathbb{E}[X])(Y - \mathbb{E}[Y])\right].$$

Properties (Properties of covariance)

- If X, Y are independent, then $\operatorname{Cov}(X, Y) = 0$.
- $\operatorname{Cov}(X, X) = \operatorname{Var}(X)$.
- $\operatorname{Cov}(aX + b, Y) = a \operatorname{Cov}(X, Y)$.
- $\operatorname{Cov}(X, Y + Z) = \operatorname{Cov}(X, Y) + \operatorname{Cov}(X, Z)$.
- $\operatorname{Cov}(X, Y) = \mathbb{E}[XY] - \mathbb{E}[X]\mathbb{E}[Y]$.

Proposition (Variance of a sum of r.v.)

$$\operatorname{Var}(X_1 + \cdots + X_n) = \sum_i \operatorname{Var}(X_i) + \sum_{i \neq j} \operatorname{Cov}(X_i, X_j).$$

Definition (Correlation coefficient) We define the correlation coefficient of random variables X, Y, with $\sigma_X, \sigma_Y > 0$, as

$$\rho(X, Y) \triangleq \frac{\operatorname{Cov}(X, Y)}{\sigma_X \sigma_Y}.$$

Properties (Properties of the correlation coefficient)

- $-1 \leq \rho \leq 1$.
- If X, Y are independent, then $\rho = 0$.
- $|\rho| = 1$ if and only if $X - \mathbb{E}[X] = c(Y - \mathbb{E}[Y])$.
- $\rho(aX + b, Y) = \operatorname{sign}(a) \rho(X, Y)$.

Conditional expectation and variance, sum of random number of r.v.

Definition (Conditional expectation as a random variable) Given random variables X, Y the conditional expectation $\mathbb{E}[X|Y]$ is the random variable that takes the value $\mathbb{E}[X|Y = y]$ whenever $Y = y$.

Theorem (Law of iterated expectations)

$$\mathbb{E}\left[\mathbb{E}[X|Y]\right] = \mathbb{E}[X].$$

Definition (Conditional variance as a random variable) Given random variables X, Y the conditional variance $\operatorname{Var}(X|Y)$ is the random variable that takes the value $\operatorname{Var}(X|Y = y)$ whenever $Y = y$.

Theorem (Law of total variance)

$$\operatorname{Var}(X) = \mathbb{E}\left[\operatorname{Var}(X|Y)\right] + \operatorname{Var}\left(\mathbb{E}[X|Y]\right).$$

Proposition (Sum of a random number of independent r.v.)
Let N be a nonnegative integer random variable.
Let $X, X_1, X_2, \ldots, X_N$ be i.i.d. random variables.
Let $Y = \sum_i X_i$. Then

$$\mathbb{E}[Y] = \mathbb{E}[N]\mathbb{E}[X],$$

$$\operatorname{Var}(Y) = \mathbb{E}[N] \operatorname{Var}(X) + (\mathbb{E}[X])^2 \operatorname{Var}(N).$$
