200603 - PIPE - Probability and Stochastic Processes

Coordinating unit: 200 - FME - School of Mathematics and Statistics
Teaching unit: 749 - MAT - Department of Mathematics
Academic year: 2018
Degree: MASTER'S DEGREE IN STATISTICS AND OPERATIONS RESEARCH (Syllabus 2013). (Teaching unit Optional)
ECTS credits: 5
Teaching languages: English

Teaching staff

Coordinator: JOSE FABREGA CANUDAS
Others: Segon quadrimestre: JOSE FABREGA CANUDAS - A

Prior skills

Students should be familiar with the topics covered in a first undergraduate course on probability. In particular, basic knowledge of the following subjects is assumed:

- Elementary probability theory.
- Basic probability models: binomial, geometric, Poisson, uniform, exponential, and normal distributions.

Concepts necessary to follow the course can be found, for example, in the following references:


Degree competences to which the subject contributes

Specific:
1. TEAMWORK: Being able to work in an interdisciplinary team, whether as a member or as a leader, with the aim of contributing to projects pragmatically and responsibly and making commitments in view of the resources that are available.
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Teaching methodology

Weekly class hours combine both theoretical and practical sessions. The theoretical lectures are devoted to a careful presentation of the fundamental concepts and the main results which are illustrated with examples. Some mathematical proofs are presented which, for their content and development, are particularly interesting from the learning and creative point of view. In the practical sessions the solution of a variety of exercises and problems is discussed.

Lists of exercises as well as guided work could be assigned to be carried out individually or in groups.

Learning objectives of the subject

The general aim of the course is to introduce the students to modelling of random phenomena. The course focus on stochastic convergence problems that are crucial to statistics (laws of large numbers and central limit theorem) as well as on random processes (branching processes, random walks, Markov chains, the Poisson process). Tools related to transform methods (generating and characteristic functions) are also introduced. Special attention is given to the study of specific applications of the theoretical concepts.

Skills to be learned:

- Usage of probability and moment generating functions, and characteristic functions.
- To know the multivariate normal law and how to operate with jointly gaussian random variables.
- To understand the different modes of convergence of sequences of random variables as well as the precise meaning of the laws of large numbers and the central limit theorem.
- Basic concepts on stochastic processes.
- To work with Markov chains and the meaning of both stationary distributions and egodic theorems.
- To understand the Poisson process.
- To identify probability models based on the theoretical results presented in the course.

Study load

<table>
<thead>
<tr>
<th>Study load</th>
<th>Total learning time: 125h</th>
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<tbody>
<tr>
<td></td>
<td>Hours large group:</td>
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<td>Hours medium group:</td>
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<td>Hours small group:</td>
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<td>Guided activities:</td>
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<td>Self study:</td>
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# 200603 - PIPE - Probability and Stochastic Processes

## Content

<table>
<thead>
<tr>
<th>1. Generating Functions and Characteristic Function</th>
<th>Learning time: 14h 30m</th>
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<tbody>
<tr>
<td></td>
<td>Theory classes: 3h</td>
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<tr>
<td></td>
<td>Laboratory classes: 1h 30m</td>
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<td>Self study: 10h</td>
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<tr>
<td><strong>Description:</strong></td>
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<tr>
<td>1.1 Probability and moment generating functions.</td>
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<tr>
<td>1.2 The characteristic function.</td>
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<td>1.3 Sum of a random number of independent random variables.</td>
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<td>1.4 Distributions with random parameters.</td>
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<td>1.5 Application to the sample mean and sample variance.</td>
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<tr>
<th>2. Branching Processes</th>
<th>Learning time: 11h</th>
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<tbody>
<tr>
<td></td>
<td>Theory classes: 1h 30m</td>
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<td>Laboratory classes: 1h 30m</td>
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<td></td>
<td>Self study: 8h</td>
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<tr>
<td><strong>Description:</strong></td>
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<tr>
<td>2.1 The Galton-Watson process.</td>
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<td>2.2 Application to population growth.</td>
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<tr>
<td>2.3 Probability of ultimate extinction.</td>
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<tr>
<td>2.4 Probability generating function of the n-th generation.</td>
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<tr>
<th>3. The Multivariate Gaussian Distribution</th>
<th>Learning time: 16h</th>
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<tbody>
<tr>
<td></td>
<td>Theory classes: 4h 30m</td>
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<td></td>
<td>Laboratory classes: 1h 30m</td>
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<td></td>
<td>Self study: 10h</td>
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<tr>
<td><strong>Description:</strong></td>
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<tr>
<td>3.1 Joint characteristic function of independent gaussian random variables.</td>
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<td>3.2 The multidimensional gaussian law.</td>
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<td>3.3 Linear transformations.</td>
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<tr>
<td>3.4 Lineal dependence and singular gaussian distributions.</td>
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<tr>
<td>3.5 Multidimensional gaussian density.</td>
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## 4. Sequences of Random Variables

**Description:**
4.1 The weak law of large numbers. Convergence in probability.
4.2 The central limit theorem. Convergence in distribution.
4.3 Convergence in mean square.
4.4 The strong law of large numbers. Almost-sure convergence.
4.5 Borel Cantelli lemmas. Examples of application.
4.6 Application to statistical estimation.

**Learning time:** 17h 30m
- Theory classes: 4h 30m
- Laboratory classes: 3h
- Self study: 10h

## 6. Random Walks

**Description:**
6.1 One-dimensional random walks.
6.2 Returns to the origin.
6.3 Random walks in the plane and the space.
6.4 Introduction to brownian motion.

**Learning time:** 16h
- Theory classes: 4h 30m
- Laboratory classes: 1h 30m
- Self study: 10h

## 7. Markov Chains

**Description:**
7.1 Markov chains. The Markov property.
7.2 Chapman-Kolmogorov equations.
7.3 Recurrent and transient states.
7.4 Absorbing chains.
7.5 Stationary and limiting distributions.
7.6 Application to Montecarlo methods.

**Learning time:** 25h
- Theory classes: 6h
- Laboratory classes: 3h
- Self study: 16h
8. The Poisson Process

Description:
8.1 The Poisson process.
8.2 Intertransition times.
8.3 Birth and death processes.
8.4 Continuous time Markov chains.

Learning time: 25h
- Theory classes: 6h
- Laboratory classes: 3h
- Self study: 16h

Qualification system

The final grade (NF) will be calculated in the following manner:

\[ NF = \max(EF, 0.4*EF + 0.4*EP + 0.2*T) \]

where EF is the final exam mark, EP is the partial exam mark and T is the mark of the exercises and assigned work throughout the course.

Bibliography

Basic:

Complementary:
- Sanz Solé, M. Probabilitats. Univ. de Barcelona, 1999.