Atul Tripathi

Practical Machine Learning

Cookbook

Resolving and offering solutions to your machine learning problems with R



Packt>

Practical Machine Learning Cookbook

Machine learning has become the new black. The challenge in today's world is the explosion of data from existing legacy data and incoming new structured and unstructured data. The complexity of discovering, understanding, performing analysis, and predicting outcomes on the data using machine learning algorithms is a challenge. This cookbook will help solve the everyday challenges you will face as a data scientist. The application of various data science techniques and on multiple datasets based on real-world challenges you face will help you appreciate a variety of techniques used in various situations.

The first half of the book provides recipes on fairly complex machine-learning systems, where you'll learn to explore new areas of applications of machine learning and improve its efficiency. That includes recipes on classifications, neural networks, unsupervised and supervised learning, deep learning, reinforcement learning, and more.

The second half of the book focuses on three different machine learning case studies, all based on real-world data, and offers solutions and solves specific machine-learning issues in each one.

Things you will learn:

- Get equipped with a deeper understanding of how to apply machine learning techniques
- Implement each of the advanced machine learning techniques
- Solve real-life problems that are encountered in order to make your applications produce improved results
- Gain hands-on experience in problem solving for your machine learning systems
- Understand the methods of collecting data, preparing data for usage, training the model, evaluating the model's performance, and improving the model's performance



\$ **59.99** US £ **49.99** UK

Prices do not include local sales Tax or VAT where applicable







Practical Machine Learning Cookbook

Resolving and offering solutions to your machine learning problems with R

Atul Tripathi



BIRMINGHAM - MUMBAI

Practical Machine Learning Cookbook

Copyright © 2017 Packt Publishing

All rights reserved. No part of this book may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, without the prior written permission of the publisher, except in the case of brief quotations embedded in critical articles or reviews.

Every effort has been made in the preparation of this book to ensure the accuracy of the information presented. However, the information contained in this book is sold without warranty, either express or implied. Neither the author, nor Packt Publishing, and its dealers and distributors will be held liable for any damages caused or alleged to be caused directly or indirectly by this book.

Packt Publishing has endeavored to provide trademark information about all of the companies and products mentioned in this book by the appropriate use of capitals. However, Packt Publishing cannot guarantee the accuracy of this information.

First published: April 2017

Production reference: 1070417

Published by Packt Publishing Ltd. Livery Place 35 Livery Street Birmingham B3 2PB, UK. ISBN 978-1-78528-051-1

www.packtpub.com

Credits

Author

Atul Tripathi

Copy Editor

Safis Editing

Reviewer

Ryota Kamoshida

Project Coordinator

Nidhi Joshi

Commissioning Editor

Akram Hussain

Proofreader Safis Editing

Acquisition Editor

Tushar Gupta

Indexer

Tejal Daruwale Soni

Content Development Editor

Aishwarya Pandere

Graphics

Tania Dutta

Technical Editor

Prasad Ramesh

Production Coordinator

Shantanu Zagade

About the Author

Atul Tripathi has spent more than 11 years in the fields of machine learning and quantitative finance. He has a total of 14 years of experience in software development and research. He has worked on advanced machine learning techniques, such as neural networks and Markov models. While working on these techniques, he has solved problems related to image processing, telecommunications, human speech recognition, and natural language processing. He has also developed tools for text mining using neural networks. In the field of quantitative finance, he has developed models for Value at Risk, Extreme Value Theorem, Option Pricing, and Energy Derivatives using Monte Carlo simulation techniques.

About the Reviewer

Ryota Kamoshida is the developer of the Python library MALSS (MAchine Learning Support System), (https://github.com/canard0328/malss) and now works as a senior researcher in the field of computer science at Hitachi, Ltd.

www.PacktPub.com

For support files and downloads related to your book, please visit www.PacktPub.com.

Did you know that Packt offers eBook versions of every book published, with PDF and ePub files available? You can upgrade to the eBook version at www.PacktPub.com and as a print book customer, you are entitled to a discount on the eBook copy. Get in touch with us at service@packtpub.com for more details.

At www.PacktPub.com, you can also read a collection of free technical articles, sign up for a range of free newsletters and receive exclusive discounts and offers on Packt books and eBooks.



https://www.packtpub.com/mapt

Get the most in-demand software skills with Mapt. Mapt gives you full access to all Packt books and video courses, as well as industry-leading tools to help you plan your personal development and advance your career.

Why subscribe?

- Fully searchable across every book published by Packt
- Copy and paste, print, and bookmark content
- On demand and accessible via a web browser

Customer Feedback

Thanks for purchasing this Packt book. At Packt, quality is at the heart of our editorial process. To help us improve, please leave us an honest review on this book's Amazon page at https://www.amazon.com/dp/1785280511.

If you'd like to join our team of regular reviewers, you can e-mail us at customerreviews@packtpub.com. We award our regular reviewers with free eBooks and videos in exchange for their valuable feedback. Help us be relentless in improving our products!

Table of Contents

Preface	1
Chapter 1: Introduction to Machine Learning	7
What is machine learning?	7
An overview of classification	9
An overview of clustering	10
An overview of supervised learning	10
An overview of unsupervised learning	12
An overview of reinforcement learning	12
An overview of structured prediction	14
An overview of neural networks	15
An overview of deep learning	16
Chapter 2: Classification	17
Introduction	17
Discriminant function analysis - geological measurements on brines	
from wells	19
Getting ready	19
Step 1 - collecting and describing data	19
How to do it	20
Step 2 - exploring data	20
Step 3 - transforming data	21
Step 4 - training the model	22
Step 5 - classifying the data	24
Step 6 - evaluating the model	27
Multinomial logistic regression - understanding program choices made	
by students	29
Getting ready	29
Step 1 - collecting data	30
How to do it	30
Step 2 - exploring data	31
Step 3 - training the model	32
Step 4 - testing the results of the model	33
Step 5 - model improvement performance	33
Tobit regression - measuring the students' academic aptitude	36
Getting ready	36
Step 1 - collecting data	37
How to do it	37

Step 2 - exploring data	37
Step 3 - plotting data	38
Step 4 - exploring relationships	40
Step 5 - training the model	41
Step 6 - testing the model	43
Poisson regression - understanding species present in Galapagos	
Islands	46
Getting ready	46
Step 1 - collecting and describing the data	46
How to do it	46
Step 2 - exploring the data	47
Step 3 - plotting data and testing empirical data	49
Step 4 - rectifying discretization of the Poisson model	50
Step 5 - training and evaluating the model using the link function	52
Step 6 - revaluating using the Poisson model	53
Step 7 - revaluating using the linear model	54
Chapter 3: Clustering	67
Introduction	67
Hierarchical clustering - World Bank sample dataset	68
Getting ready	69
Step 1 - collecting and describing data	69
How to do it	69
Step 2 - exploring data	70
Step 3 - transforming data	70
Step 4 - training and evaluating the model performance	72
Step 5 - plotting the model	73
Hierarchical clustering - Amazon rainforest burned between 1999-2010	76
Getting ready	77
Step 1 - collecting and describing data	77
How to do it	78
Step 2 - exploring data	78
Step 3 - transforming data	79
Step 4 - training and evaluating model performance	81
Step 5 - plotting the model	82
Step 6 - improving model performance	84
Hierarchical clustering - gene clustering	91
Getting ready	92
Step 1 - collecting and describing data	92
How to do it	94
Step 2 - exploring data	94
Step 3 - transforming data Step 4 - training the model	95 97
Step 5 - plotting the model	103
Binary clustering - math test	
Dinary diastering - main test	111

Getting ready	112
Step 1 - collecting and describing data	112
How to do it	112
Step 2 - exploring data	112
Step 3 - training and evaluating model performance	112
Step 4 - plotting the model	115
Step 5 - K-medoids clustering	117
K-means clustering - European countries protein consumption	120
Getting ready	120
Step 1 - collecting and describing data	120
How to do it	121
Step 2 - exploring data	121
Step 3 - clustering	122
Step 4 - improving the model	124
K-means clustering - foodstuff	129
Getting ready	129
Step 1 - collecting and describing data	130
How to do it	130
Step 2 - exploring data	130
Step 3 - transforming data	131
Step 4 - clustering	133
Step 5 - visualizing the clusters	135
Chapter 4: Model Selection and Regularization	139
Chapter 4: Model Selection and Regularization Introduction	139 139
· · · · · · · · · · · · · · · · · · ·	
Introduction Shrinkage methods - calories burned per day	139 141
Introduction Shrinkage methods - calories burned per day Getting ready	139
Introduction Shrinkage methods - calories burned per day	139 141 141 141
Introduction Shrinkage methods - calories burned per day Getting ready Step 1 - collecting and describing data How to do it	139 141 141 141 142
Introduction Shrinkage methods - calories burned per day Getting ready Step 1 - collecting and describing data How to do it Step 2 - exploring data	139 141 141 141
Introduction Shrinkage methods - calories burned per day Getting ready Step 1 - collecting and describing data How to do it Step 2 - exploring data Step 3 - building the model Step 4 - improving the model	139 141 141 141 142 142
Introduction Shrinkage methods - calories burned per day Getting ready Step 1 - collecting and describing data How to do it Step 2 - exploring data Step 3 - building the model	139 141 141 141 142 142 145
Introduction Shrinkage methods - calories burned per day Getting ready Step 1 - collecting and describing data How to do it Step 2 - exploring data Step 3 - building the model Step 4 - improving the model	139 141 141 141 142 142 145 148
Introduction Shrinkage methods - calories burned per day Getting ready Step 1 - collecting and describing data How to do it Step 2 - exploring data Step 3 - building the model Step 4 - improving the model Step 5 - comparing the model	139 141 141 141 142 142 145 148 156
Introduction Shrinkage methods - calories burned per day Getting ready Step 1 - collecting and describing data How to do it Step 2 - exploring data Step 3 - building the model Step 4 - improving the model Step 5 - comparing the model Dimension reduction methods - Delta's Aircraft Fleet	139 141 141 142 142 145 148 156
Introduction Shrinkage methods - calories burned per day Getting ready Step 1 - collecting and describing data How to do it Step 2 - exploring data Step 3 - building the model Step 4 - improving the model Step 5 - comparing the model Dimension reduction methods - Delta's Aircraft Fleet Getting ready	139 141 141 142 142 145 148 156 159 160
Introduction Shrinkage methods - calories burned per day Getting ready Step 1 - collecting and describing data How to do it Step 2 - exploring data Step 3 - building the model Step 4 - improving the model Step 5 - comparing the model Olimension reduction methods - Delta's Aircraft Fleet Getting ready Step 1 - collecting and describing data	139 141 141 142 142 145 148 156 159
Introduction Shrinkage methods - calories burned per day Getting ready Step 1 - collecting and describing data How to do it Step 2 - exploring data Step 3 - building the model Step 4 - improving the model Step 5 - comparing the model Step 5 - comparing the model Dimension reduction methods - Delta's Aircraft Fleet Getting ready Step 1 - collecting and describing data How to do it Step 2 - exploring data Step 3 - applying principal components analysis	139 141 141 142 142 145 148 156 159 160 160
Introduction Shrinkage methods - calories burned per day Getting ready Step 1 - collecting and describing data How to do it Step 2 - exploring data Step 3 - building the model Step 4 - improving the model Step 5 - comparing the model Step 5 - comparing the model Dimension reduction methods - Delta's Aircraft Fleet Getting ready Step 1 - collecting and describing data How to do it Step 2 - exploring data Step 3 - applying principal components analysis Step 4 - scaling the data	139 141 141 142 142 145 148 156 159 160 160
Introduction Shrinkage methods - calories burned per day Getting ready Step 1 - collecting and describing data How to do it Step 2 - exploring data Step 3 - building the model Step 4 - improving the model Step 5 - comparing the model Step 5 - comparing the model Dimension reduction methods - Delta's Aircraft Fleet Getting ready Step 1 - collecting and describing data How to do it Step 2 - exploring data Step 3 - applying principal components analysis Step 4 - scaling the data Step 5 - visualizing in 3D plot	139 141 141 142 142 145 148 156 159 160 160 160
Introduction Shrinkage methods - calories burned per day Getting ready Step 1 - collecting and describing data How to do it Step 2 - exploring data Step 3 - building the model Step 4 - improving the model Step 5 - comparing the model Step 5 - comparing the model Dimension reduction methods - Delta's Aircraft Fleet Getting ready Step 1 - collecting and describing data How to do it Step 2 - exploring data Step 3 - applying principal components analysis Step 4 - scaling the data	139 141 141 142 142 145 148 156 159 160 160 160 162 166
Introduction Shrinkage methods - calories burned per day Getting ready Step 1 - collecting and describing data How to do it Step 2 - exploring data Step 3 - building the model Step 4 - improving the model Step 5 - comparing the model Step 5 - comparing the model Dimension reduction methods - Delta's Aircraft Fleet Getting ready Step 1 - collecting and describing data How to do it Step 2 - exploring data Step 3 - applying principal components analysis Step 4 - scaling the data Step 5 - visualizing in 3D plot	139 141 141 142 142 145 148 156 159 160 160 160 160 162 166 170

How to do it	174
Step 2 - exploring data	174
Step 3 - preparing data	175
Step 4 - applying principal components analysis	178
Chapter 5: Nonlinearity	181
Generalized additive models - measuring the household income of	
New Zealand	181
Getting ready	181
Step 1 - collecting and describing data	182
How to do it	182
Step 2 - exploring data	182
Step 3 - setting up the data for the model	184
Step 4 - building the model	185
Smoothing splines - understanding cars and speed	188
How to do it	188
Step 1 - exploring the data	188
Step 2 - creating the model	189
Step 3 - fitting the smooth curve model	193
Step 4 - plotting the results	197
Local regression - understanding drought warnings and impact	202
Getting ready	203
Step 1 - collecting and describing data	203
How to do it	203
Step 2 - collecting and exploring data	203
Step 3 - calculating the moving average	205
Step 4 - calculating percentiles Step 5 - plotting results	206 209
Chapter 6: Supervised Learning	213
Introduction	213
Decision tree learning - Advance Health Directive for patients with	
chest pain	215
Getting ready	215
Step 1 - collecting and describing the data	215
How to do it	216
Step 2 - exploring the data	216
Step 3 - preparing the data	218
Step 4 - training the model	221
Step 5- improving the model	224
Decision tree learning - income-based distribution of real estate values	226
Getting ready	227
Step 1 - collecting and describing the data	227
How to do it	227

Step 2 - exploring the data	227
Step 3 - training the model	229
Step 4 - comparing the predictions	232
Step 5 - improving the model	237
Decision tree learning - predicting the direction of stock movement	242
Getting ready	243
Step 1 - collecting and describing the data	243
How to do it	243
Step 2 - exploring the data	243
Step 3 - calculating the indicators	244
Step 4 - preparing variables to build datasets	252
Step 5 - building the model	261
Step 6 - improving the model	264
Naive Bayes - predicting the direction of stock movement	266
Getting ready	266
Step 1 - collecting and describing the data	266
How to do it	266
Step 2 - exploring the data	266
Step 3 - preparing variables to build datasets	268
Step 4 - building the model	273
Step 5 - creating data for a new, improved model	274
Step 6 - improving the model	280
Random forest - currency trading strategy	286
Getting ready	286
Step 1 - collecting and describing the data	286
How to do it	286
Step 2 - exploring the data	287
Step 3 - preparing variables to build datasets	289
Step 4 - building the model	296
Support vector machine - currency trading strategy	301
Getting ready	301
Step 1 - collecting and describing the data	301
How to do it	301
Step 2 - exploring the data	302
Step 3 - calculating the indicators	303
Step 4 - preparing variables to build datasets	305
Step 5 - building the model	309
Stochastic gradient descent - adult income	311
Getting ready	312
Step 1 - collecting and describing the data	312
How to do it	313
Step 2 - exploring the data	313
Step 3 - preparing the data	314
Step 4 - building the model	316
Step 5 - plotting the model	319

Chapter 7: Unsupervised Learning	321
Introduction	321
Self-organizing map - visualizing of heatmaps	322
How to do it	322
Step 1 - exploring data	323
Step 2 - training the model	325
Step 3 - plotting the model	325
Vector quantization - image clustering	328
Getting ready	328
Step 1 - collecting and describing data	329
How to do it	329
Step 2 - exploring data	329
Step 3 - data cleaning Step 4 - visualizing cleaned data	329 330
Step 5 - building the model and visualizing it	331
Chapter 8: Reinforcement Learning	
	335
Introduction	335
Markov chains - the stocks regime switching model	336
Getting ready	336
Step 1 - collecting and describing the data	337
How to do it	337
Step 2 - exploring the data	337 339
Step 3 - preparing the regression model Step 4 - preparing the Markov-switching model	342
Step 5 - plotting the regime probabilities	346
Step 6 - testing the Markov switching model	349
Markov chains - the multi-channel attribution model	355
Getting ready	355
How to do it	356
Step 1 - preparing the dataset	356
Step 2 - preparing the model	357
Step 3 - plotting the Markov graph	358
Step 4 - simulating the dataset of customer journeys	364
Step 5 - preparing a transition matrix heat map for real data	369
Markov chains - the car rental agency service	370
How to do it	371
Step 1 - preparing the dataset Step 2 - preparing the model	371 372
Step 3 - improving the model	374
Continuous Markov chains - vehicle service at a gas station	378
Getting ready	378
How to do it	378
Step 1 - preparing the dataset	378
arab . brahaming ma amazar	210