Exercise 1 (25 p.) The average energy expenditures for eight elderly subjects were estimated on the basis of information received from a battery-powered heart rate monitor that each subject wore. Two overall averages were calculated for each subject, one for the summer months and one for the winter months, as shown in the following table. Let $\mu_D$ denote the difference between the summer and winter energy expenditure populations.

<table>
<thead>
<tr>
<th>Subject</th>
<th>Summer $x_i$</th>
<th>Winter $y_i$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1458</td>
<td>1424</td>
</tr>
<tr>
<td>2</td>
<td>1353</td>
<td>1501</td>
</tr>
<tr>
<td>3</td>
<td>2209</td>
<td>1495</td>
</tr>
<tr>
<td>4</td>
<td>1804</td>
<td>1739</td>
</tr>
<tr>
<td>5</td>
<td>1912</td>
<td>2031</td>
</tr>
<tr>
<td>6</td>
<td>1366</td>
<td>934</td>
</tr>
<tr>
<td>7</td>
<td>1598</td>
<td>1401</td>
</tr>
<tr>
<td>8</td>
<td>1406</td>
<td>1339</td>
</tr>
</tbody>
</table>

1. (10 p.) Perform a hypothesis test "TEST 1" for $(H_0) : \mu_D = 0$ against $(H_1) : \mu_D > 0$ at $\alpha = 0.01$ and determine the exact rejection region. Is there a smallest level of significance to reject $H_0$?

2. (10 p.) Perform a hypothesis test "TEST 2" for $(H_0) : \mu_D = 0$ against $(H_1) : \mu_D > 0$ now based on the assumption that the samples are normally distributed. The sample of summer months expenditures $X_1, \ldots, X_8$ has distribution $N(\mu_X, \sigma_X^2)$ and the sample of winter months expenditures $Y_1, \ldots, Y_8$ has distribution $N(\mu_Y, \sigma_Y^2)$ with $\sigma_X, \sigma_Y$ unknown. For which $\alpha$ do you reject/accept $H_0$? Compute the p-value. Determine the rejection region for $\alpha = 0.01$.

3. (5 p.) Compare the tests "TEST 1" and "TEST 2". Which one is more appropriate?

Exercise 2 (25 p.) Consider an i.i.d. sample $X_1, \ldots, X_n$ on some probability space with common density given by

$$h_\theta(x) = \frac{g(\theta)}{x^4}, \quad x \geq \theta,$$

where $\theta > 0$. 

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1. (2 p.) Determine \( g(\theta) \) as a function of \( \theta \).

2. (5 p.) Determine the MLE \( \hat{\theta}_n \) of \( \theta \) and \( \hat{\theta}_{n,1} \) for \( \theta^3 \).

3. (5 p.) Calculate the cumulative distribution function \( F(x) \) of \( \hat{\theta}_n \) for all \( x \in \mathbb{R} \) and determine its density \( f(x) \).

4. (4 p.) Is \( \hat{\theta}_n \) biased? Show that \( \hat{\theta}_n \) is asymptotically unbiased.

5. (4 p.) Find the MoM estimator \( \theta^*_n \) of \( \theta \) and compute the variance.

6. (5 p.) Which estimator is more efficient for \( n \geq 2 \)? Can we apply Cramer-Rao Theorem in this case?

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Exercise 3 (25 p.) Assume we have an estimator \( \hat{X}_n \) for a parameter \( \theta > 0 \) appearing in the density of an i.i.d. sample \( X_1, \ldots, X_n \). The density of the estimator is

\[
f_{\theta}(x) = 3n \frac{\theta^{3n} x^{3n-1}}{x^{3n+1}}, \quad x > \theta,
\]

which means that \( \mathbb{P}(\hat{X}_n \in (a,b)) = \int_a^b f_{\theta}(x) \, dx \) for \( a < b \). The expected value is equal to \( \mathbb{E}(\hat{X}_n) = \frac{3\theta}{3n-1} \) and variance \( \text{Var}(\hat{X}_n) = \frac{3n\theta^2}{(3n-2)(3n-1)^2} \).

1. (4 p.) Show that \( \hat{X}_n \) is consistent.

2. (4 p.) Prove that \( \frac{\hat{X}_n - \mathbb{E}(\hat{X}_n)}{\sqrt{\text{Var}(\hat{X}_n)}} \xrightarrow{d} Y \) as \( n \to \infty \), where \( Y \) has density \( f_Y(y) = e^{-(1+y)} \). (Hint: You can use that \( \lim_{n \to \infty} \left(1 + \frac{a}{n} \right)^{-n} = \lim_{n' \to \infty} \left(1 + \frac{a}{n' - 1} \right)^{-n'} \) for some \( c \geq 1 \) and \( a \in \mathbb{R} \).)

3. (2 p.) Show that the support of \( f_Y(\cdot) \) is \((1, \infty)\).

4. (3 p.) Let \( \alpha \in (0, 1) \). Find constants \( c_1, c_2 \) such that \( \mathbb{P}(Y < c_1) = \frac{\alpha}{2} \) and \( \mathbb{P}(Y > c_2) = \frac{\alpha}{2} \). What is the probability \( \mathbb{P}(Y \in [c_1, c_2]) \)?

5. (4 p.) Use the asymptotic distribution of \( \frac{\hat{X}_n - \mathbb{E}(\hat{X}_n)}{\sqrt{\text{Var}(\hat{X}_n)}} \) to construct an asymptotic random confidence interval \([L(X), R(X)]\) for \( \theta \) with confidence \( 1 - \alpha \).

6. (4 p.) Define a formal hypothesis test with significance \( \alpha \) for testing \( (H_0) : \theta = \theta_0 \) against \( (H_1) : \theta \neq \theta_0 \). Describe the rejection region implicitly.

7. (1 p.) Determine now the asymptotic rejection region using knowledge from (2) and (5).

8. (3 p.) Assume we get from our data the value of the test statistic is \( t(X) = \ln(10) - 1 \). What is the smallest level of significance to reject \( H_0 \) in this case? How do we call this value? (Hint: You can use the asymptotic distribution of the test statistic).

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Exercise 4 (25 p.) Let \( X_1, \ldots, X_n \) be an i.i.d. random sample on some probability space with common density

\[
f_{\theta}(x_1) = \frac{x_1}{\theta^2} e^{-\frac{x_1^2}{2\theta^2}}, \quad x_1 \geq 0,
\]
and $\theta > 0$. We want to compare two hypothesis tests for $(H_0) : \theta = 1$ against $(H_1) : \theta \neq 1$ using two different test statistics, namely

$$T_1(X) = \sum_{i=1}^{n} X_i^2, \text{ and } T_2(X) = 2 \ln(R(X)),$$

where $R(X)$ is the generalized likelihood ratio. You can use that the MLE is equal to $\hat{\theta}_n = \sqrt{\frac{1}{2n} \sum_{i=1}^{n} X_i^2}$ and is asymptotically normal.

1. (3 p.) Define a formal hypothesis test based on statistic $T_1(X)$ at significance $\alpha$.
2. (2 p.) Show that the MGF of $X_1^2$ is equal to $\frac{1}{1-2it\theta}$ for $|t| < \frac{1}{2}$.
3. (3 p.) Determine the distribution of $T_1(X)$ under $H_0$ and show that it equal to $\frac{1}{\theta^2}T_1(X)$ under $H_1$.
4. (4 p.) Let $\alpha = 0.05$ and $n = 60$ determine the critical region for this test. Compute the power when $\theta = \sqrt{2}$. If you did not find the distribution before use the normal distribution.
5. (4 p.) Consider now the second test statistic $T_2(X)$. Show that $T_2(X)$ is of the form $c_1 \ln(c_2 \sum_{i=1}^{n} X_i^2) + c_3 \sum_{i=1}^{n} (X_i^2 - c_4)$ where $c_1, c_2, c_3, c_4$ are some constants.
6. (4 p.) What is the asymptotic distribution of $T_2(X)$? Determine the asymptotic rejection region for $\alpha = 0.05$.
7. (5 p.) Assume we observe $\sum_{i=1}^{60} x_i^2 = 85$. Perform both tests at $\alpha = 0.05$ and decide whether to reject $H_0$ or not (you can use the second asymptotic test). If the null hypothesis would be 1-sided, which test is more powerfull? Argue without computing the power of the test based on $T_2(X)$. 
