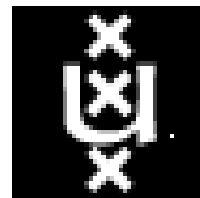


# Research Methods and Statistics

## Lecture 11: Confidence Intervals I

Riet van Bork



# Using excel

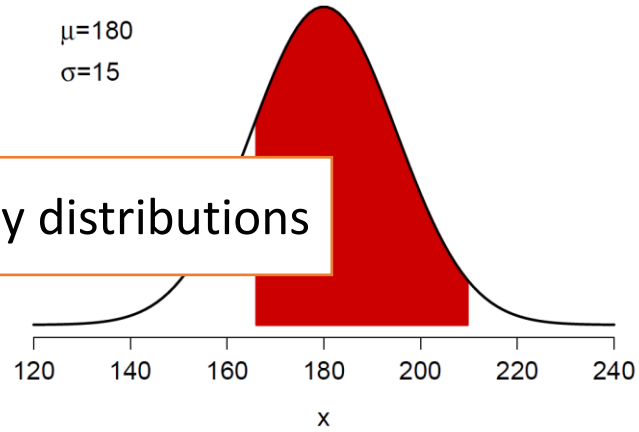
- In the exam, the tables in the appendix of the book will not be available!
- So, practice with using Excel instead of the tables!

- Check:

Canvas -> Modules -> Preparation for exam 2 -> Microsoft Excel

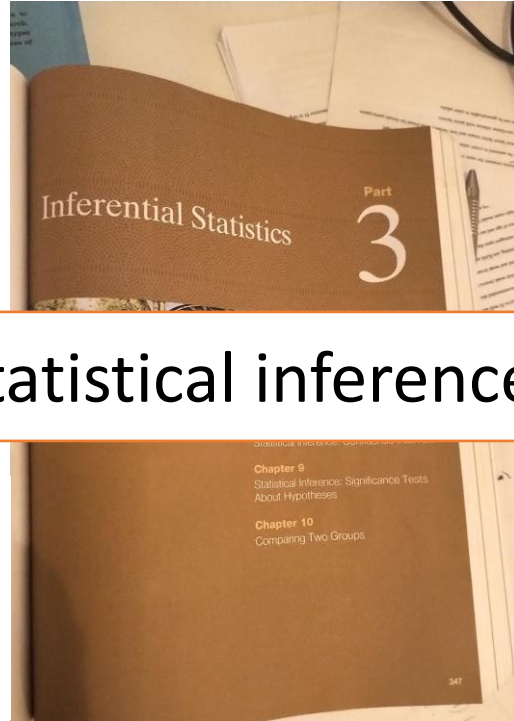
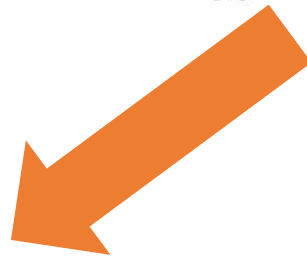
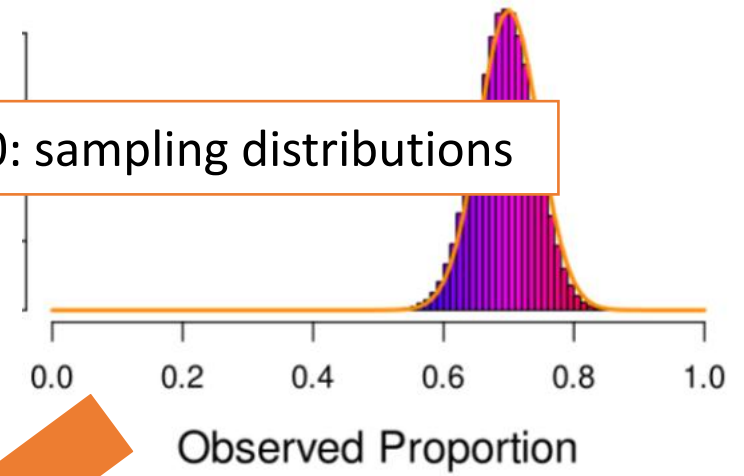


Lecture 9: probability distributions



Sampling distribution proportion  
After 100,000 samples ( $n=100$ )

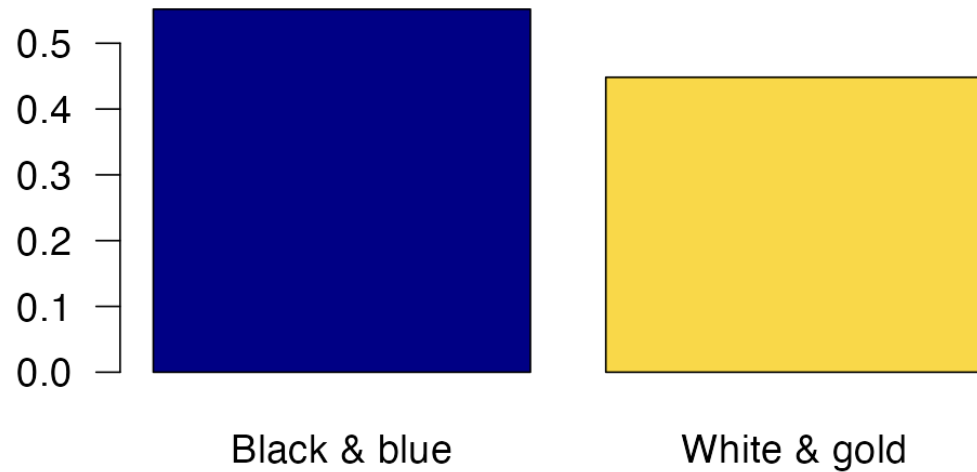
Lecture 10: sampling distributions



Statistical inference!



# Black & blue or White & gold?



Black & blue: 144 (0.55)

White & gold: 117 (0.45)



# Example: the dress

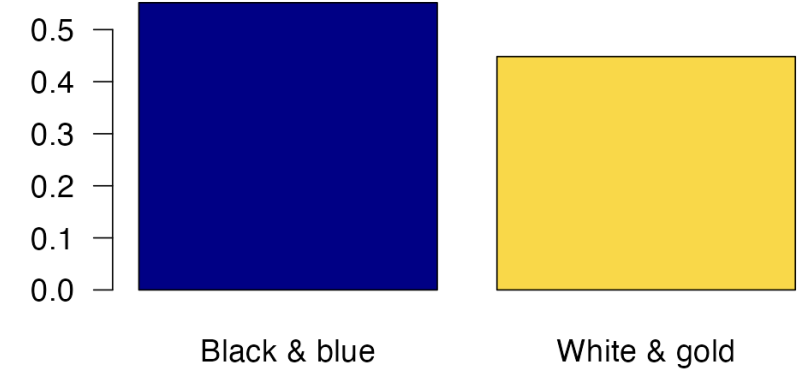
- In this sample (you students!), the proportion of people who observed black & blue is 0.55, and the proportion who observed white & gold is 0.45

- These are *sample proportions*

- Are the population proportions different from 0.50 – 0.50?

→ Inferential statistics

Today: Confidence intervals



Black & blue: 144 (0.55)

White & gold: 117 (0.45)

# Today

Memory refresh of sampling distribution

Point versus interval estimation

Constructing a confidence interval

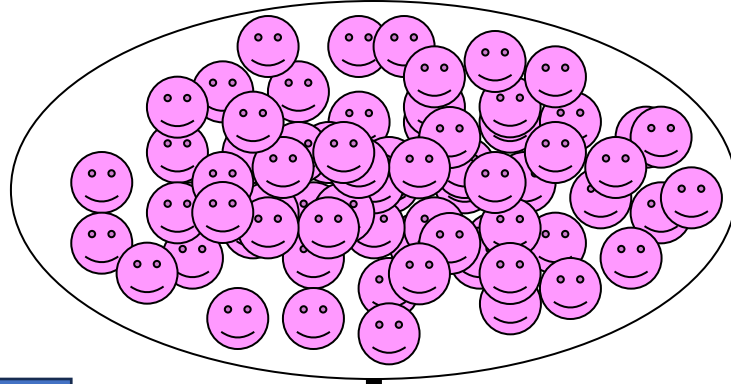
What affects confidence intervals

Interpretation of confidence intervals

Refresh your memory from last Thursday

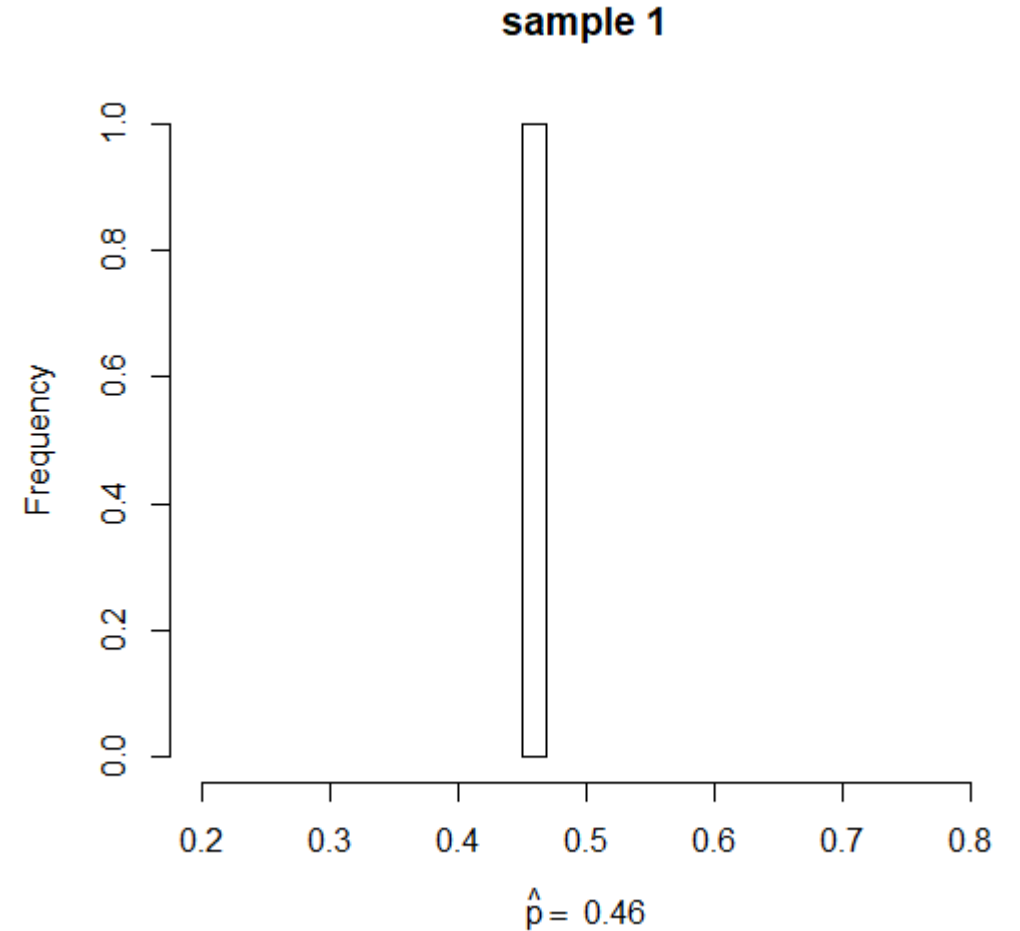
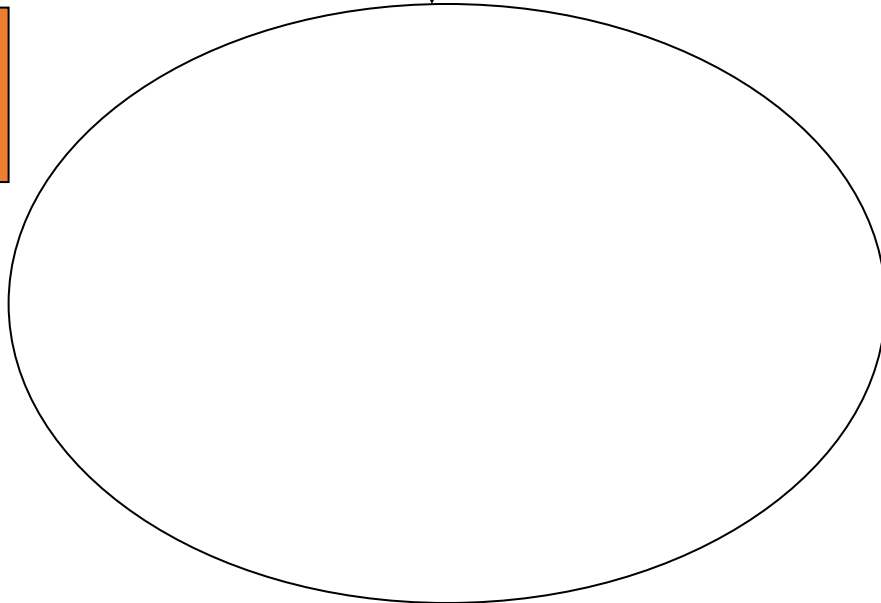
*Sampling distribution*

**Population**  
 $p = 0.5$

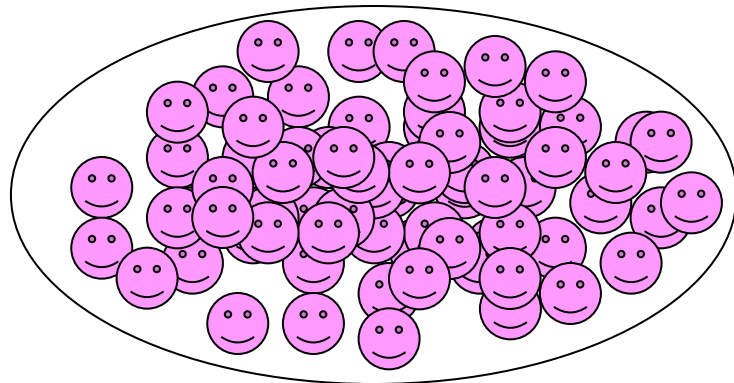


Let's suppose that each smiley is 10 people, so that each sample you sample 50 people from population:  $n=50$

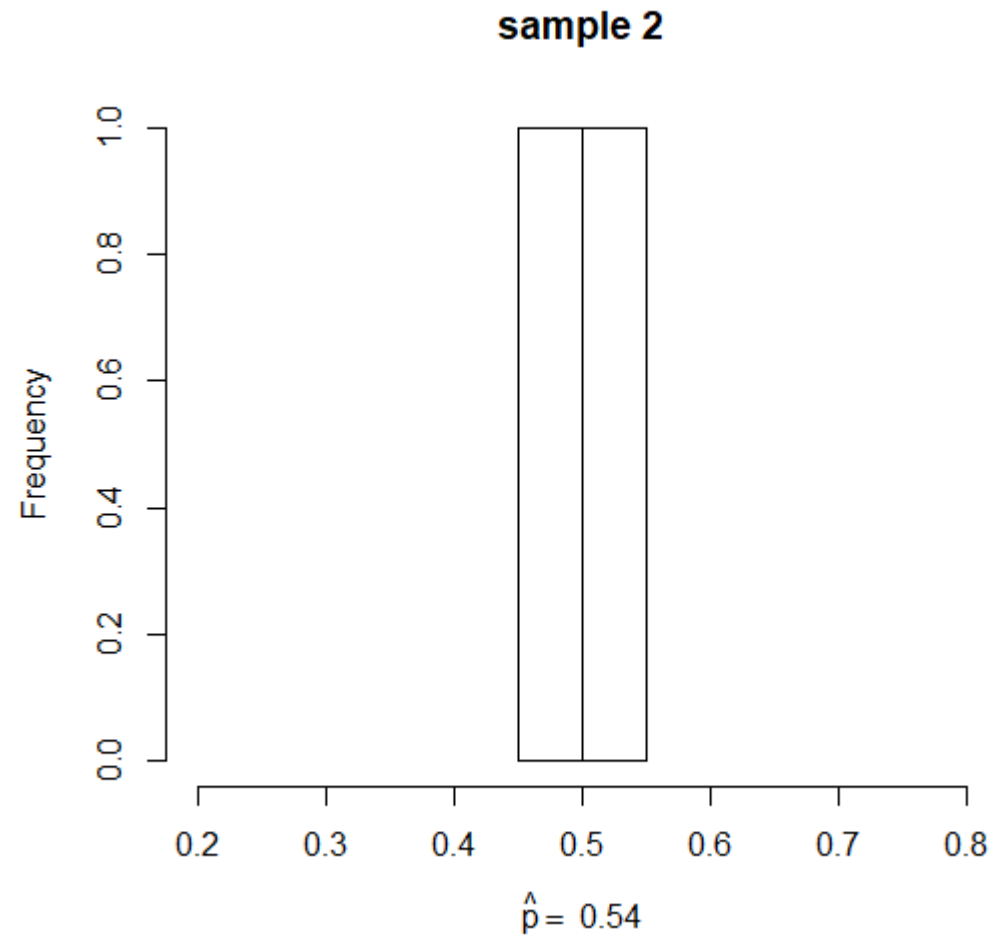
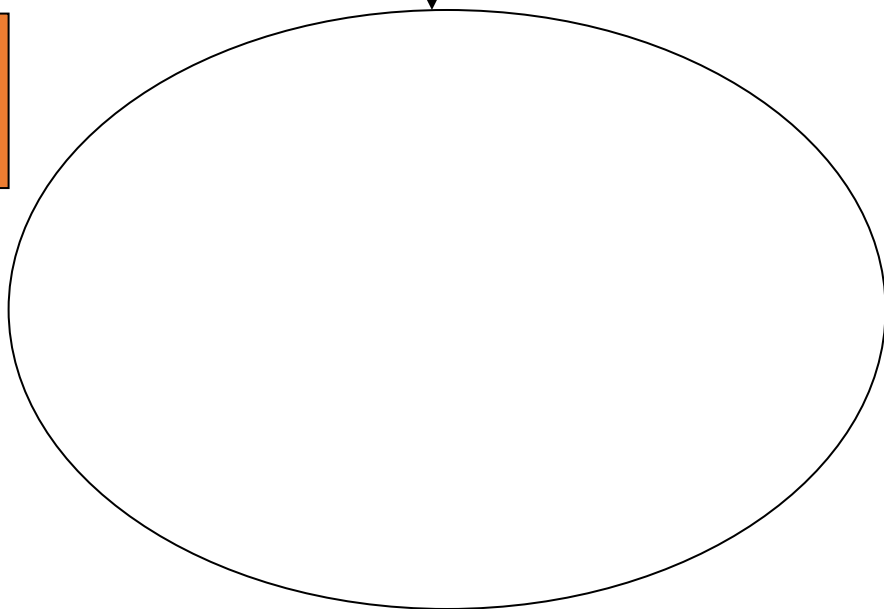
**Sample**  
 $\hat{p} = 0.46$



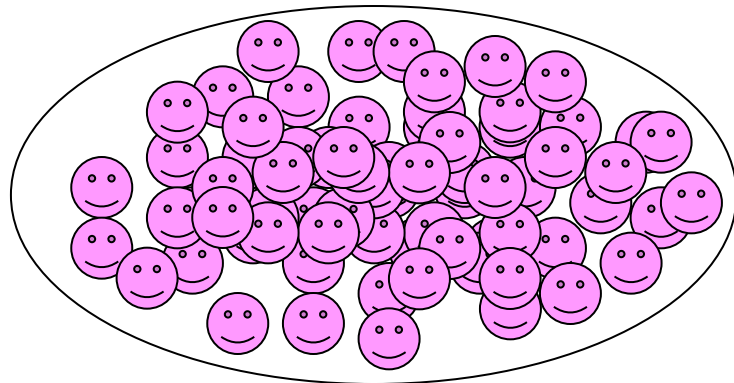
Population  
 $p = 0.5$



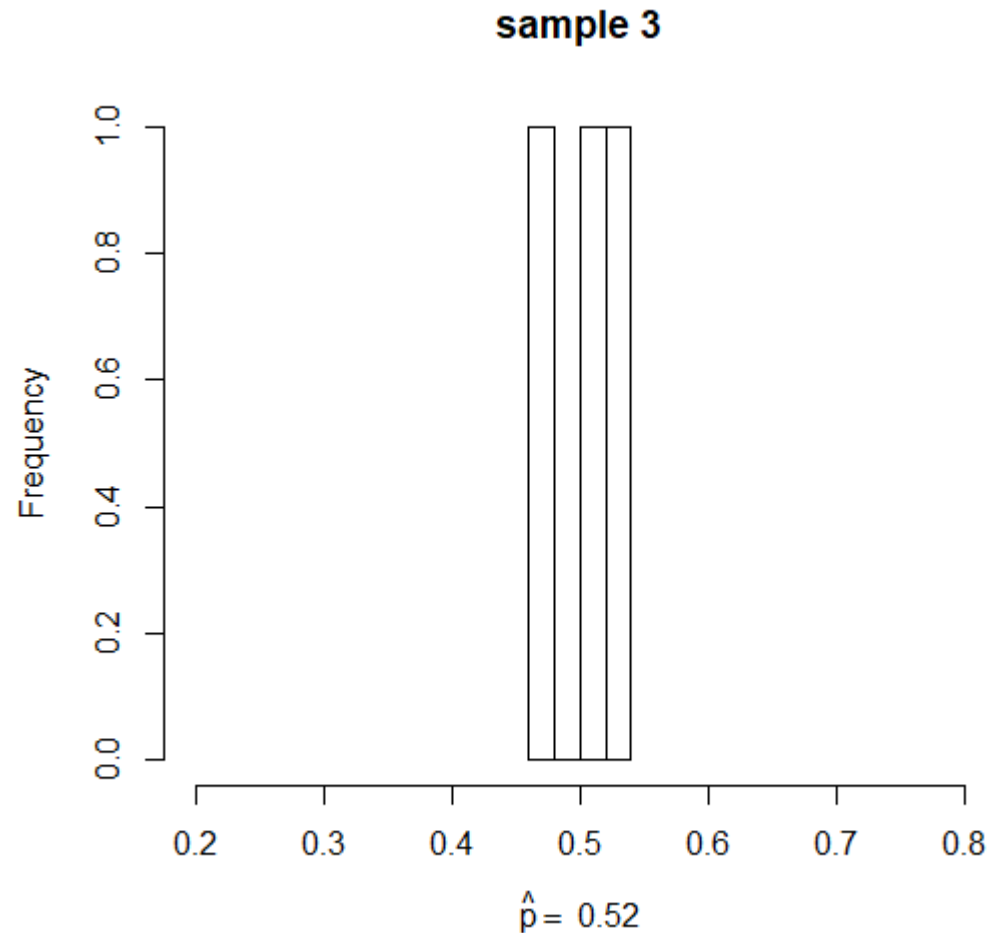
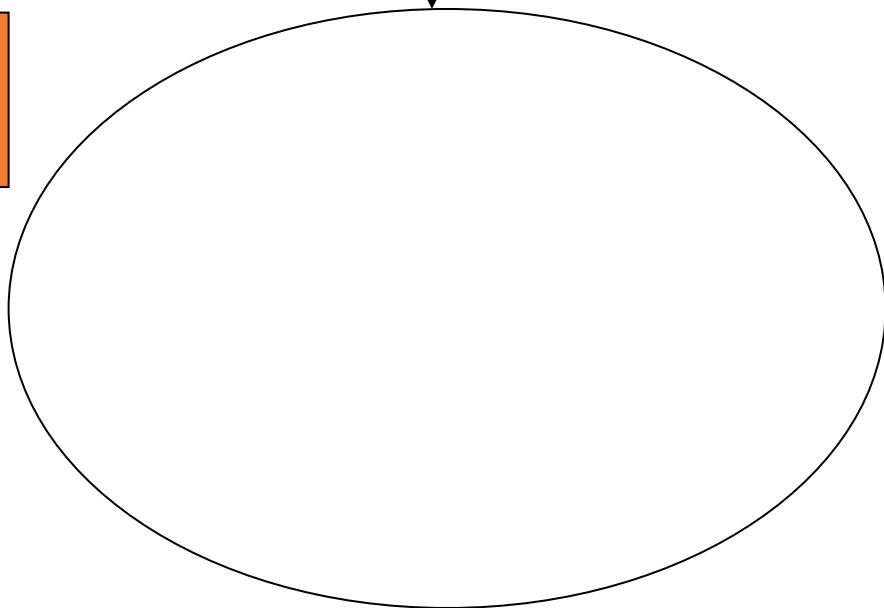
Sample  
 $\hat{p} = 0.54$



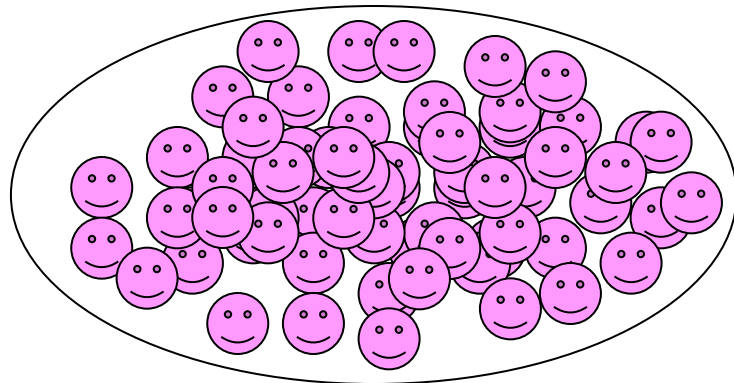
Population  
 $p = 0.5$



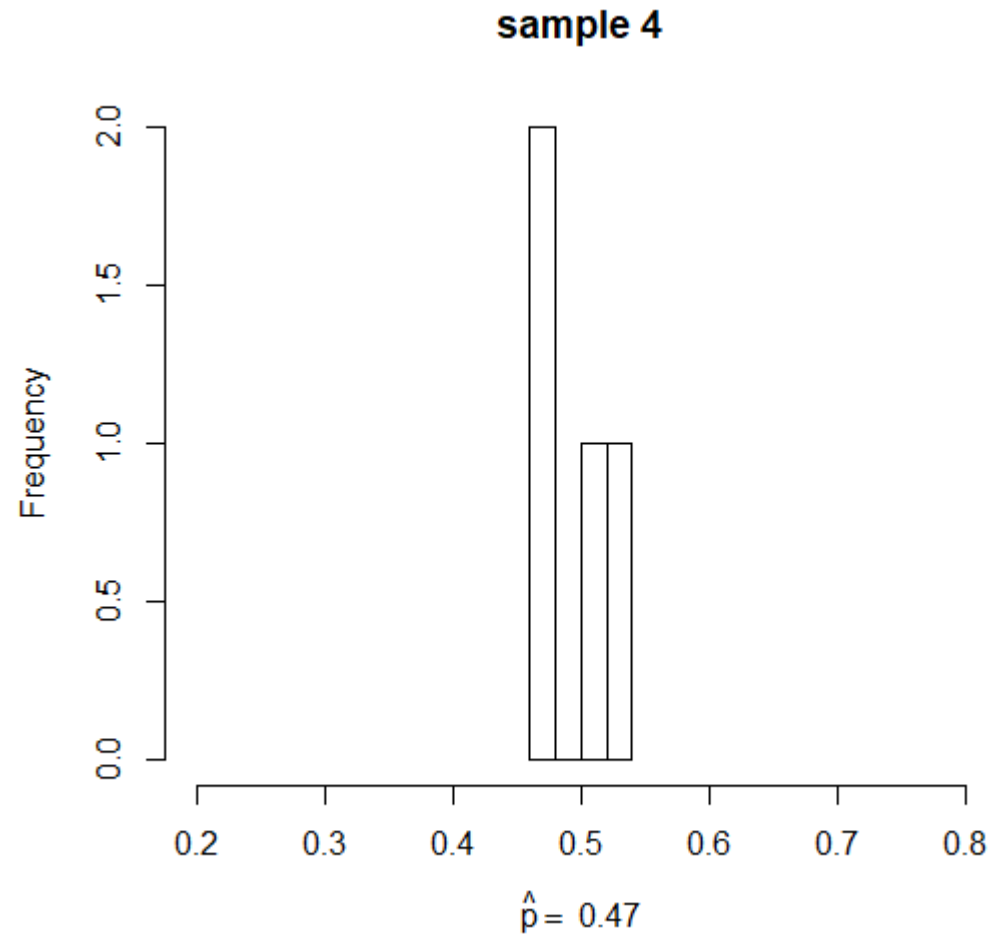
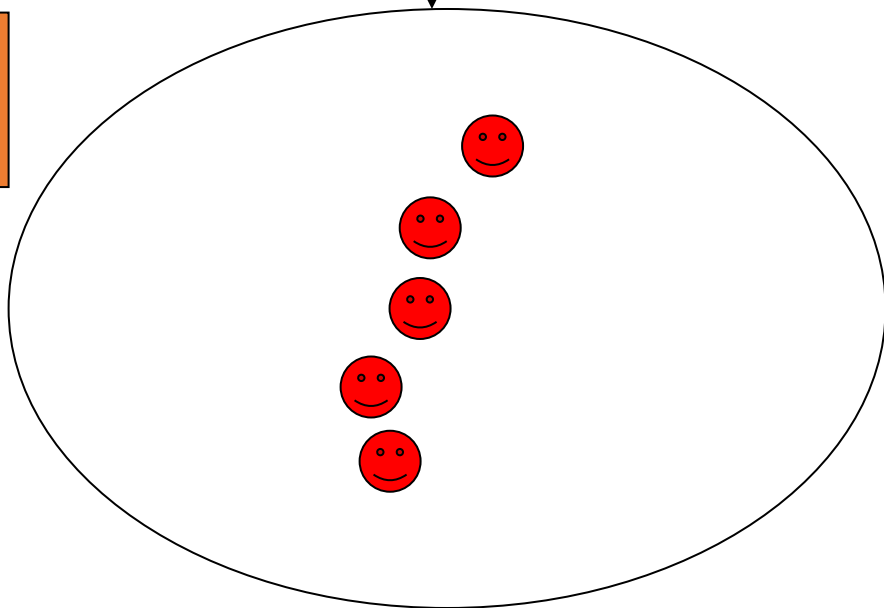
Sample  
 $\hat{p} = 0.52$



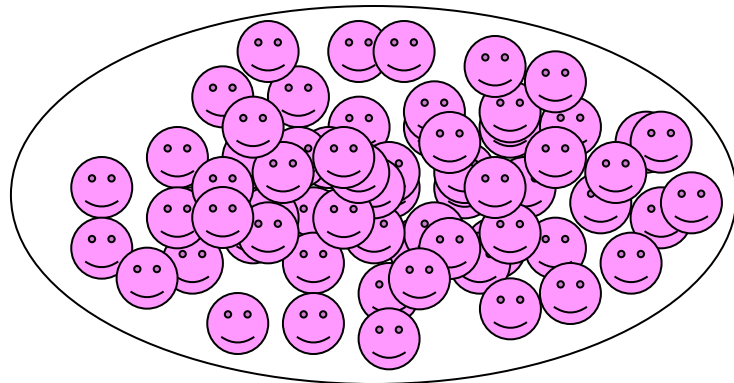
Population  
 $p = 0.5$



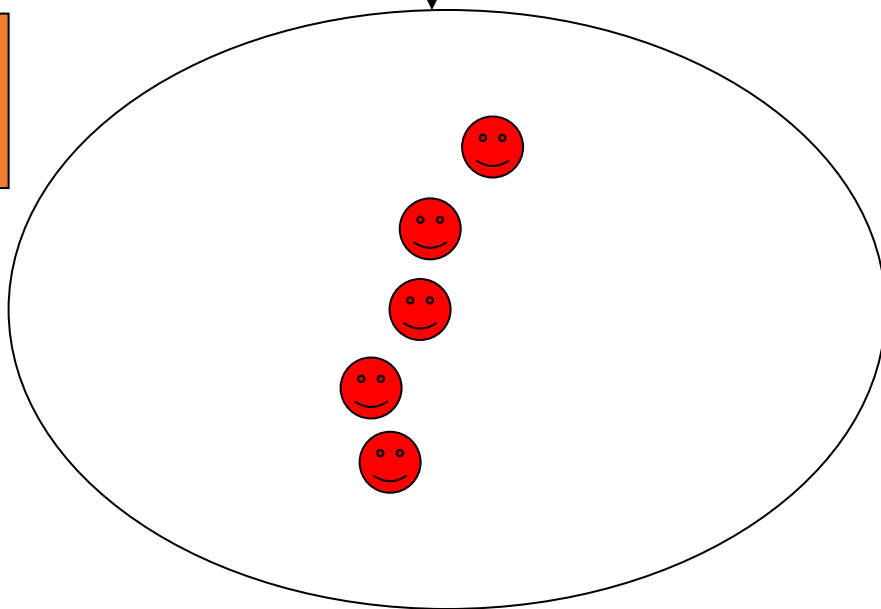
Sample  
 $\hat{p} = 0.47$



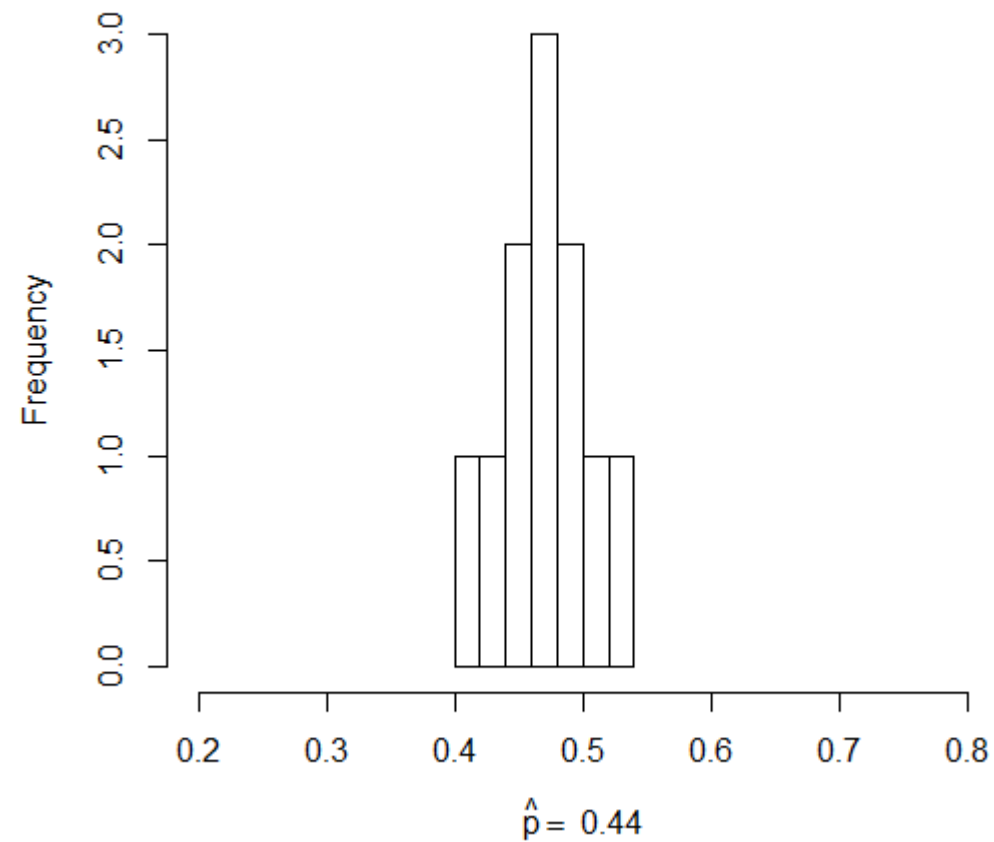
Population  
 $p = 0.5$



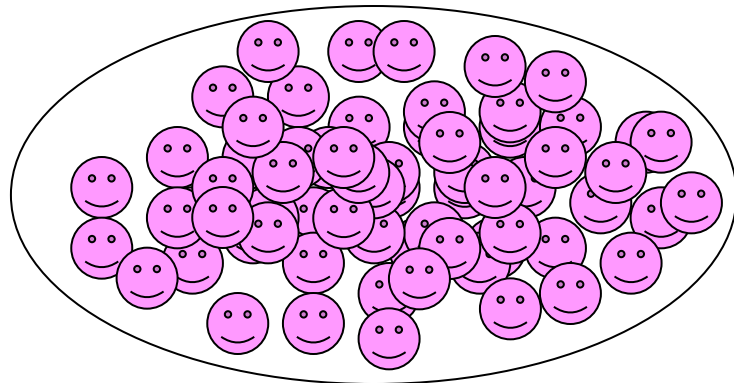
Sample  
 $\hat{p} = 0.44$



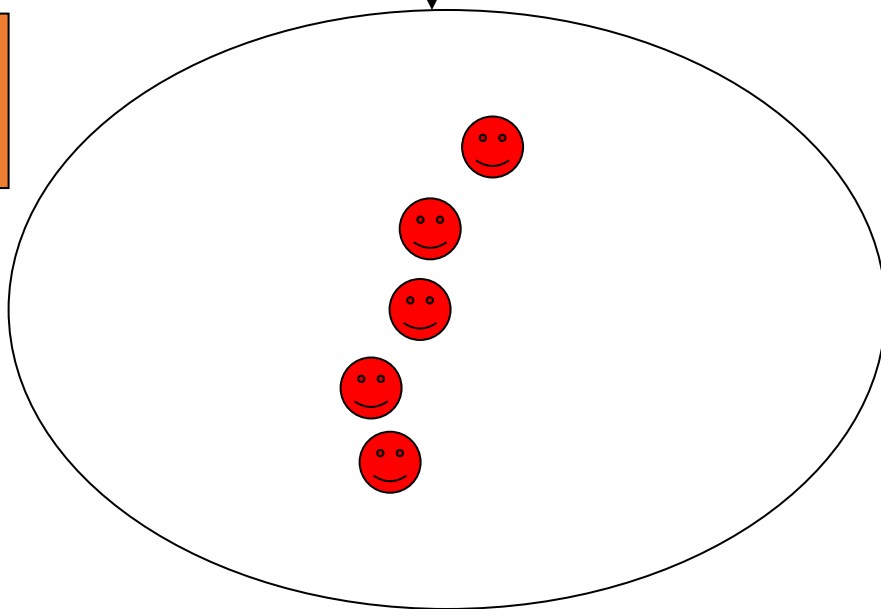
sample 11



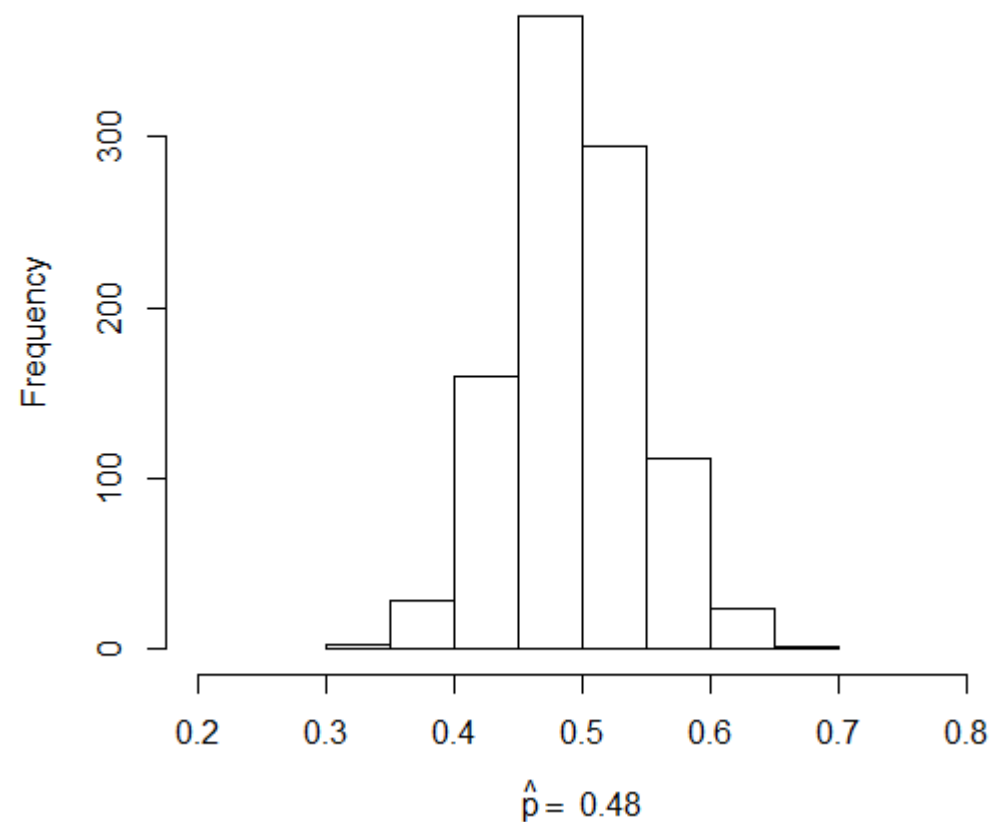
Population  
 $p = 0.5$



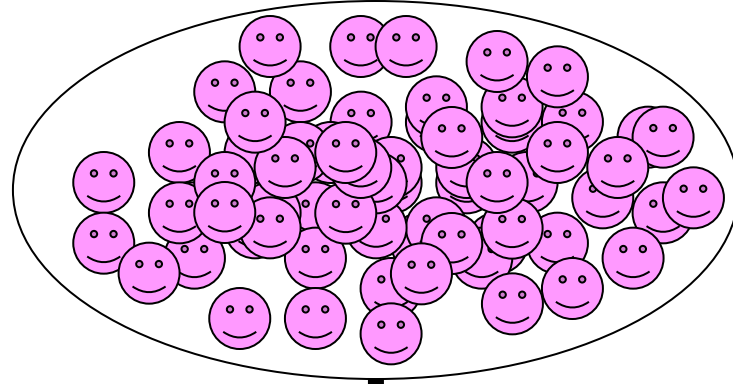
Sample  
 $\hat{p} = 0.48$



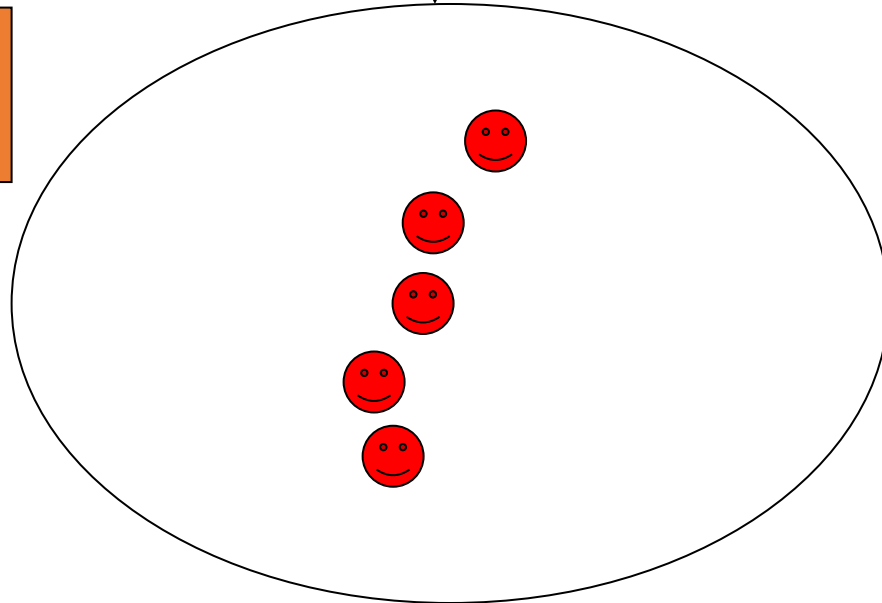
sample 1000



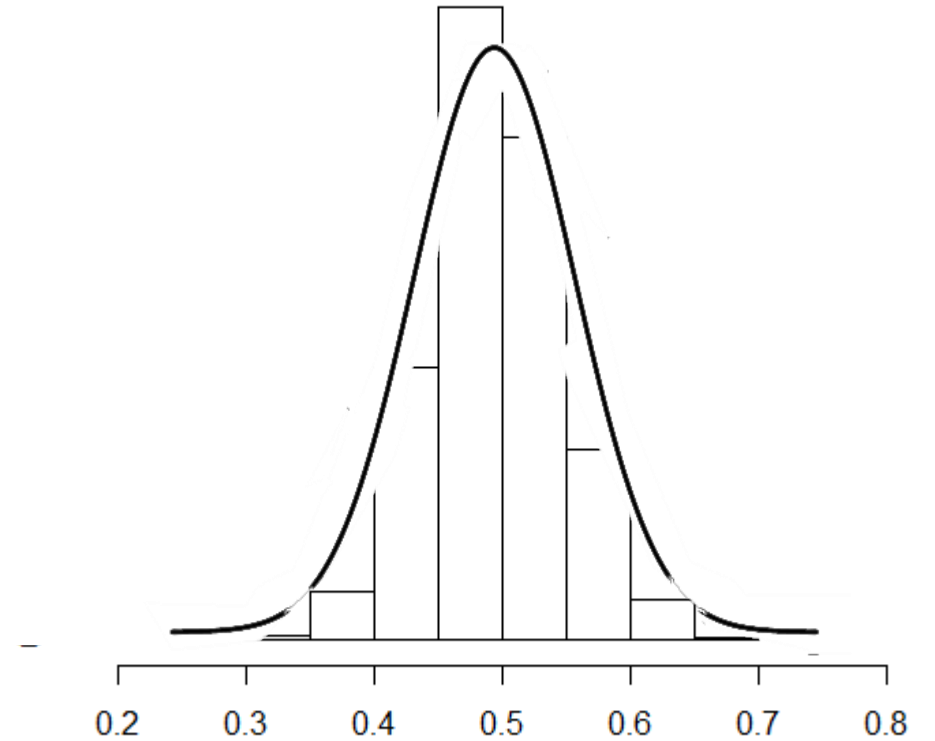
Population  
 $p = 0.5$



Sample  
 $\hat{p} = 0.48$



The **sampling distribution** of a statistic (in this case  $\hat{p}$ ) is the probability distribution that specifies probabilities for the possible values of the statistic



# Today

Memory refresh of sampling distribution

**Point versus interval estimation**

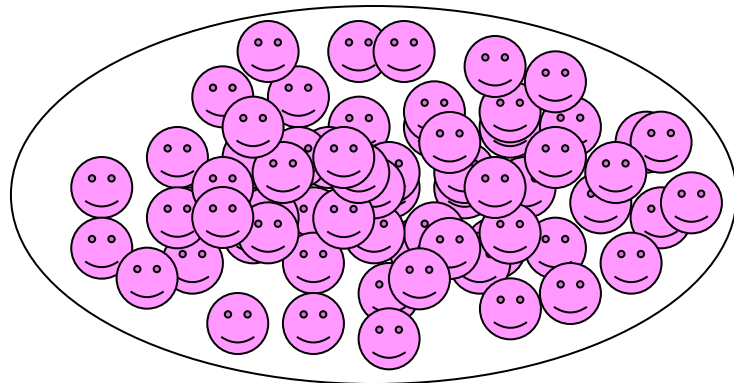
Constructing a confidence interval

What affects confidence intervals

Interpretation of confidence intervals

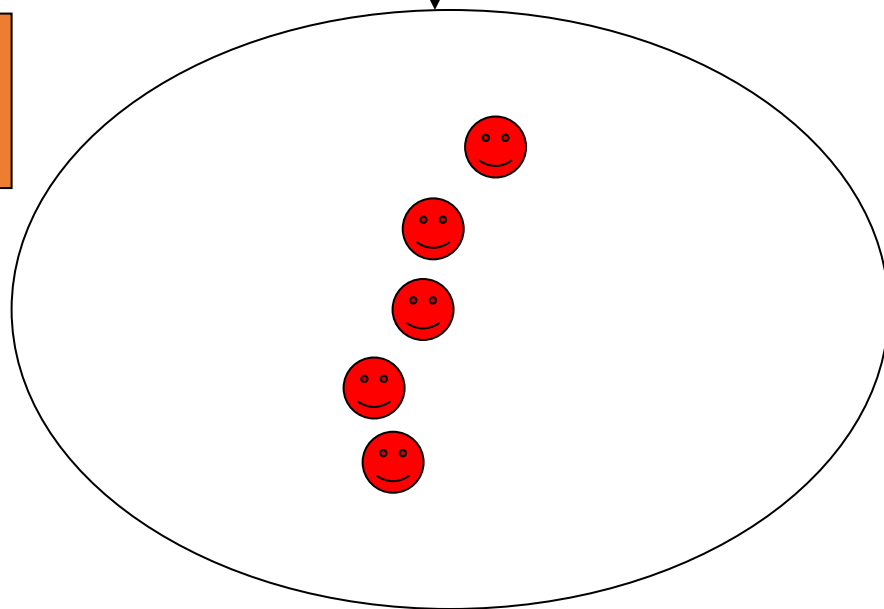
Population

$$p = 0.5$$



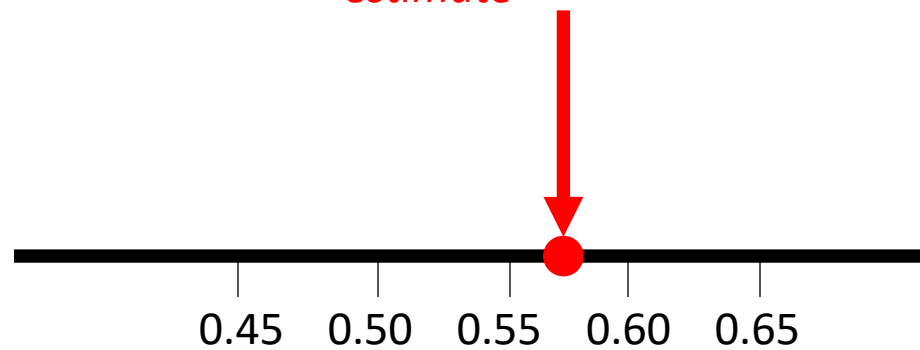
Sample

$$\hat{p} = 0.57$$

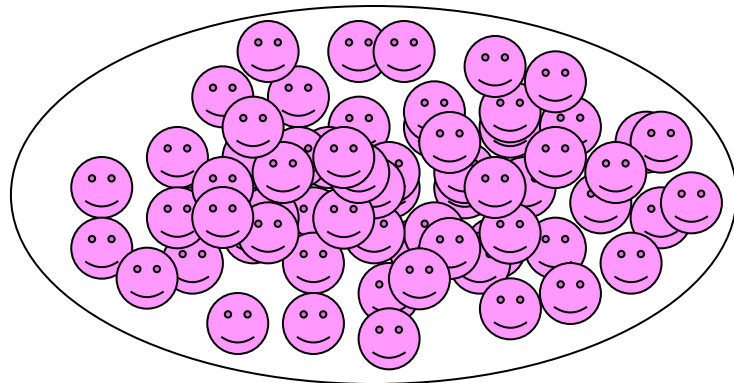


Means that it is a  
**point estimate**

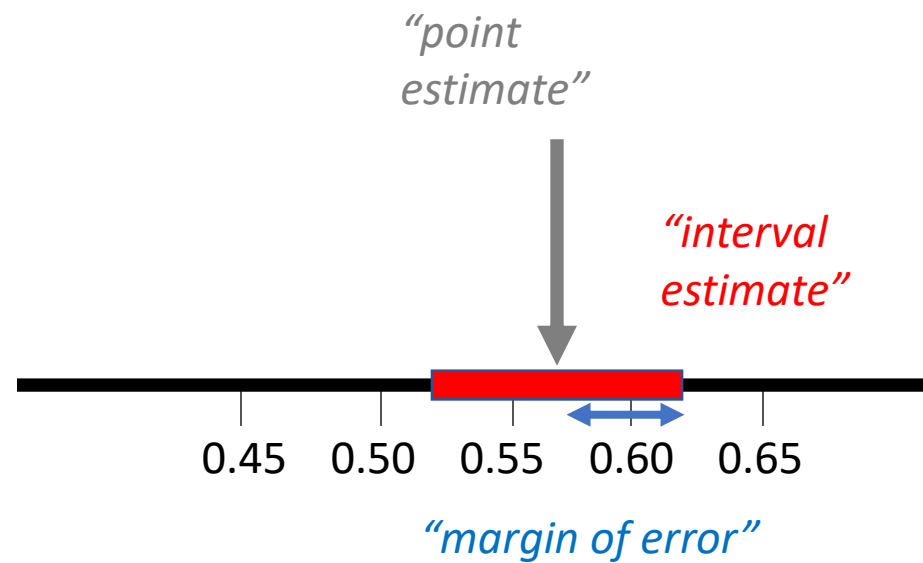
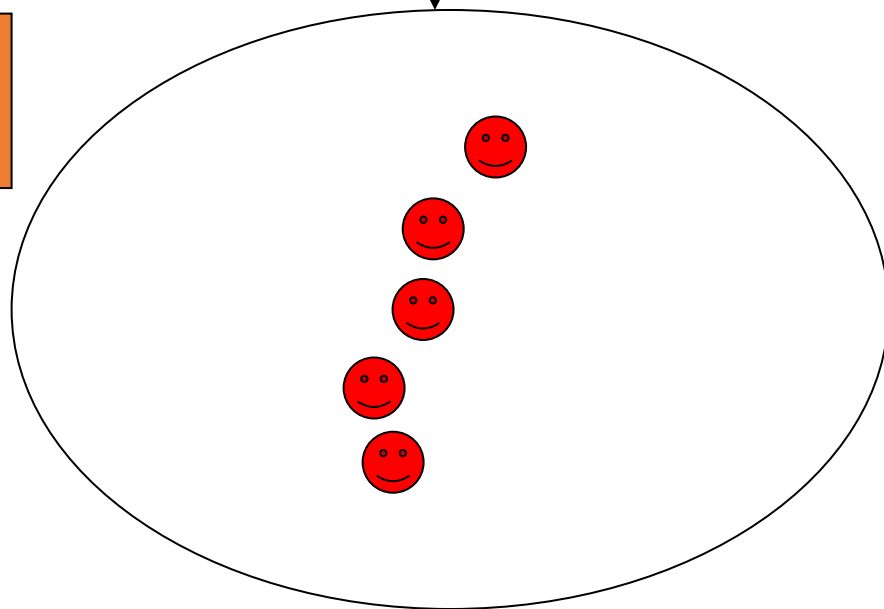
*“point  
estimate”*



Population  
 $p = 0.5$



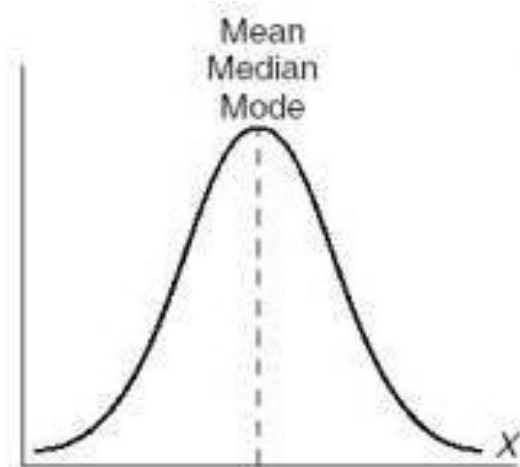
Sample  
 $\hat{p} = 0.57$



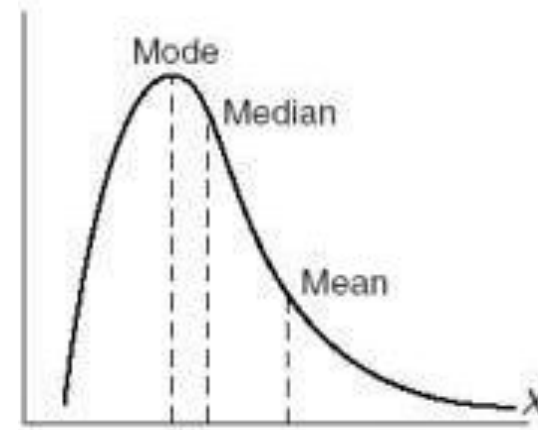
# A good point estimator

## 1) **Unbiased**: The estimator should not be systematically wrong

- The sample average is an **unbiased** estimator of the population mean parameter
- In a symmetrical distribution, the median is an **unbiased** estimator of the population mean
- In a skewed distribution, the median is a **biased** estimator of the population mean



The normal curve represents a perfectly symmetrical distribution

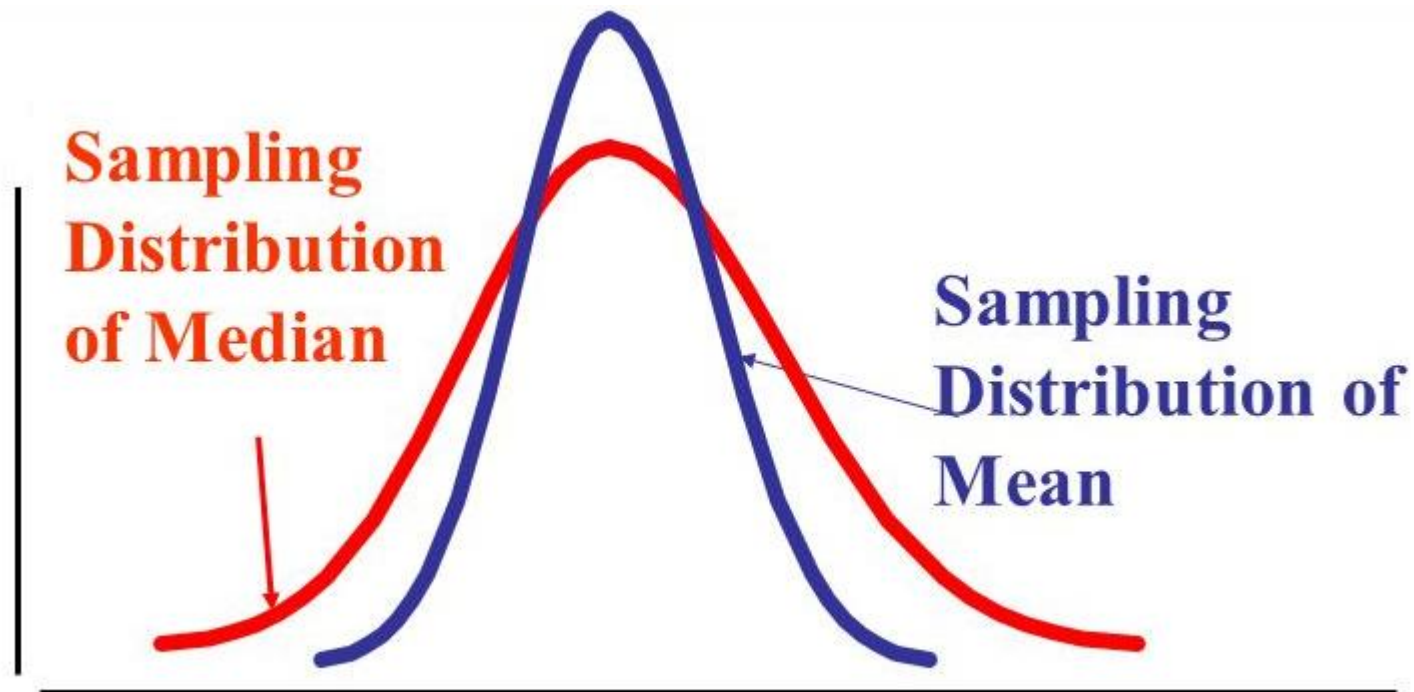


Positive direction

# A good point estimator

## 2) **Small standard deviation:** The estimator should not be imprecise

- Even in a symmetrical population distribution, the sampling distribution of the median has a larger standard deviation than the sampling distribution of the mean, and so the mean is a more precise estimator than the median



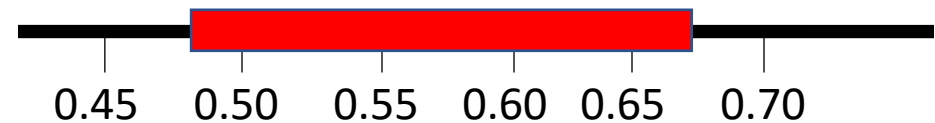
# Interval estimation

**Confidence interval:** Interval containing the most believable values for a parameter

**Confidence level:** the probability that this method produces an interval that contains the parameter (when you construct an interval over and over again for different samples)

e.g., a **95%** confidence interval:  
means that *in the long run* 95% of the intervals will contain the population parameter

*confidence level*



In this case, the 95 % confidence interval is:  
(0.47; 0.67)

# Today

Memory refresh of sampling distribution

Point versus interval estimation

**Constructing a confidence interval**

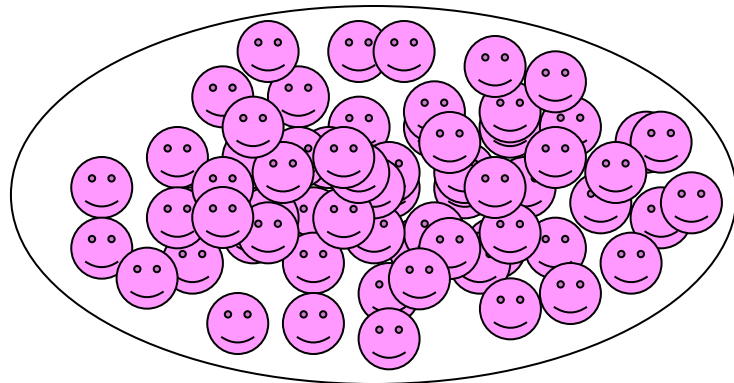
What affects confidence intervals

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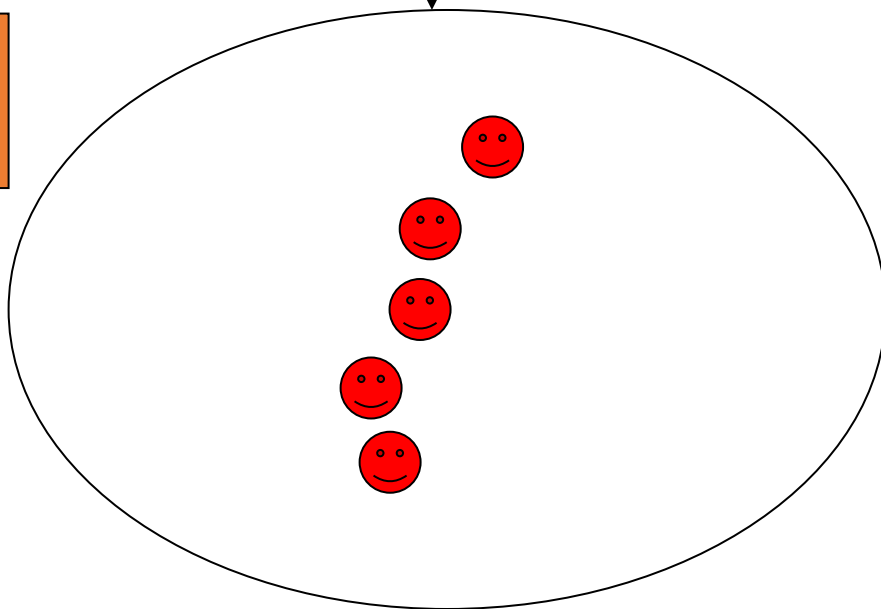
# Constructing a confidence interval

- If we want to construct a 95% confidence interval for the sample proportion, we need the *sampling distribution*

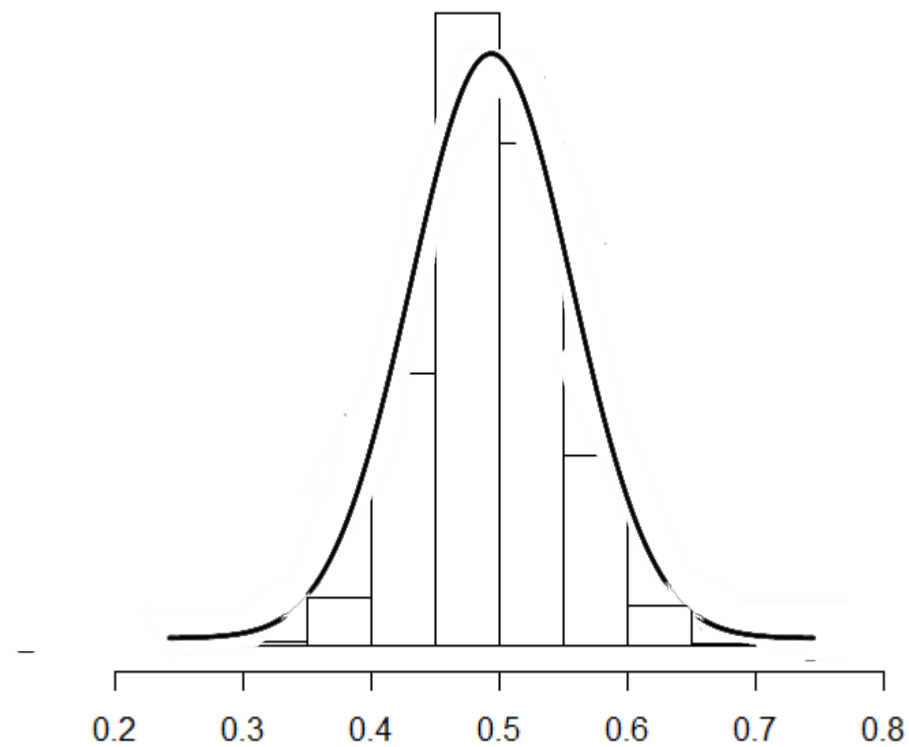
Population  
 $p = 0.5$

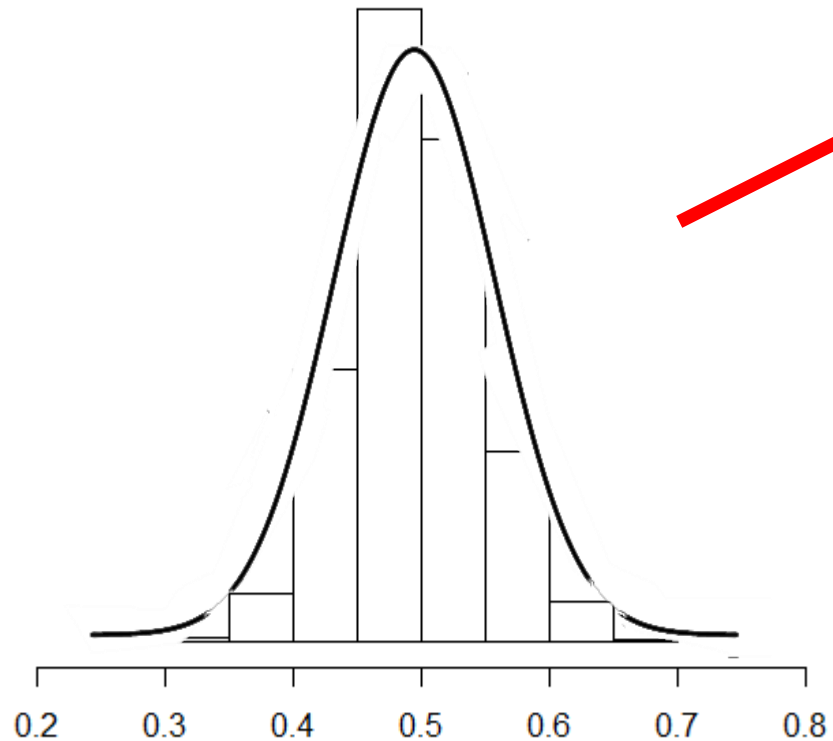


Sample  
 $\hat{p} = 0.48$



Sampling distribution of a proportion





## Chapter 7: "Sampling distribution of a proportion"

If  $np \geq 15$  and  $n(1-p) \geq 15$  then binomial distribution approximates a normal distribution

When this happens, the sampling distribution of  $p$  also approximates a normal distribution!

(sampling distribution of proportion is closely related to binomial distribution, see 7.3)

Sampling distribution of a proportion:

Mean:  $p$

standard deviation:  $\sqrt{\frac{p(1-p)}{n}}$

$\hat{p}$  = the sample proportion, e.g., 0.55 saw 'black & blue'

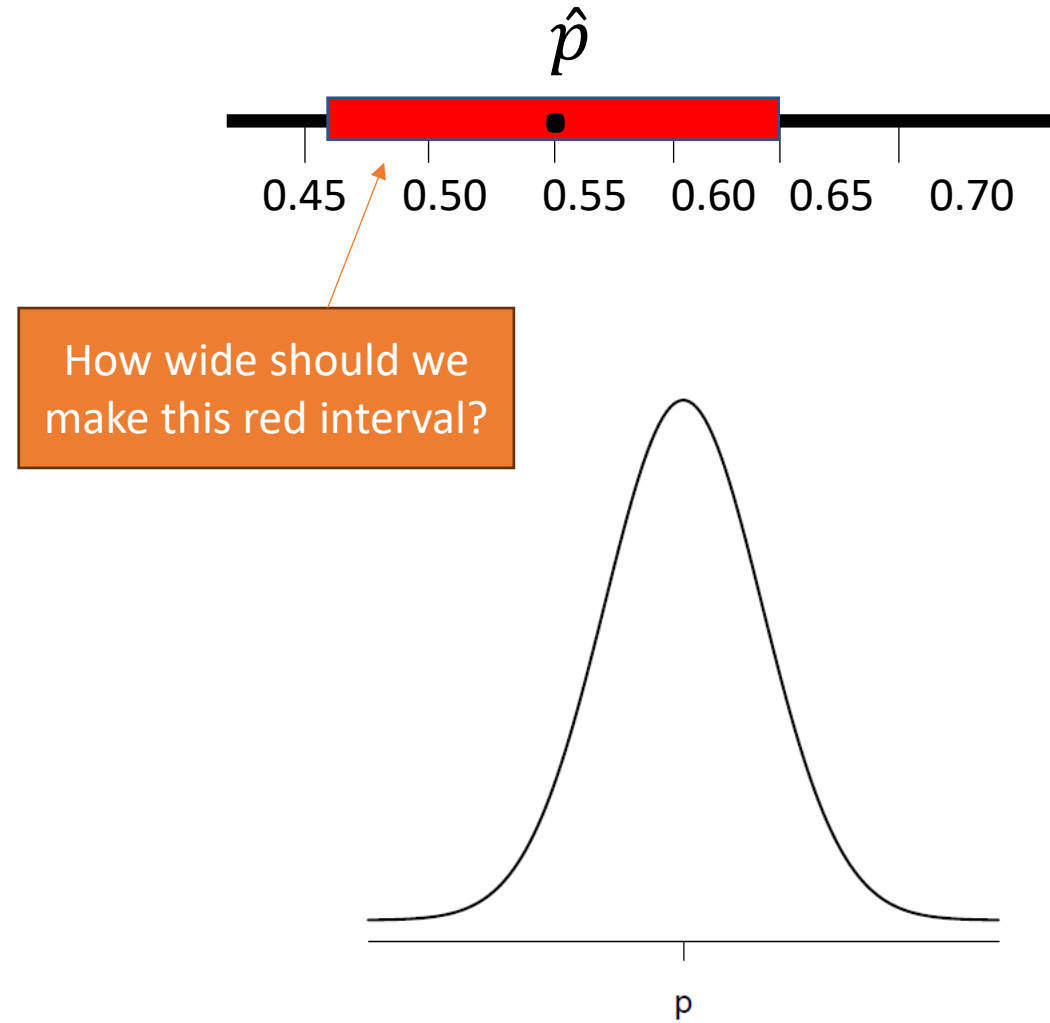
# Constructing a confidence interval

What we want: deciding on the width of the interval such that if we would do the procedure over and over again, some high percentage of intervals includes  $p$

Most often, this high percentage is set to 95%, but it can be a different percentage as well.

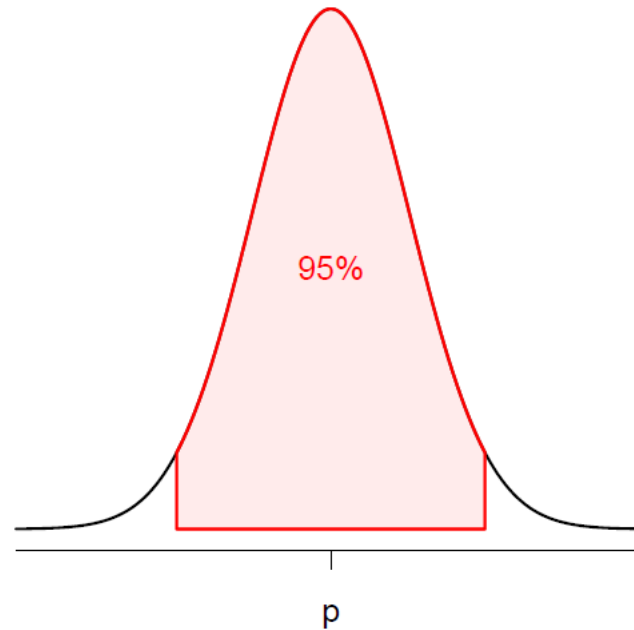
But let's start with a 95% confidence interval.

To do so, we will use the sampling distribution! (which is unknown to us)

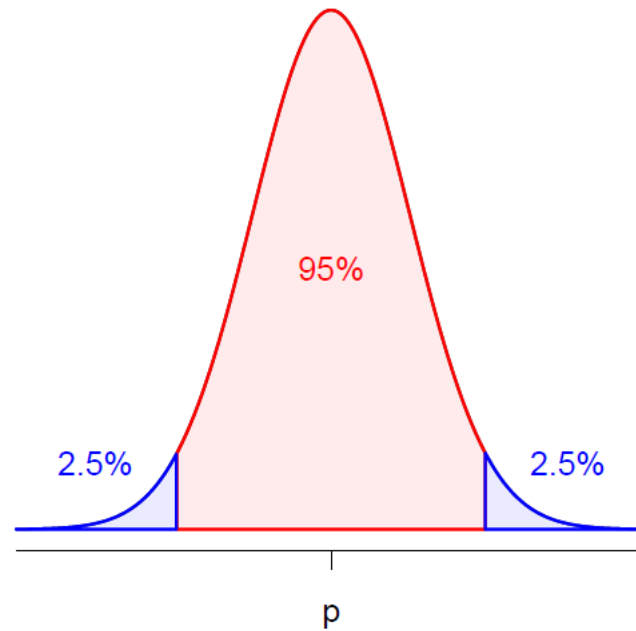


The sampling distribution is a probability distribution and so we can calculate the interval that includes 95% of the distribution

That is, with 95% probability, we draw a sample that has a  $\hat{p}$  that is in the red area:

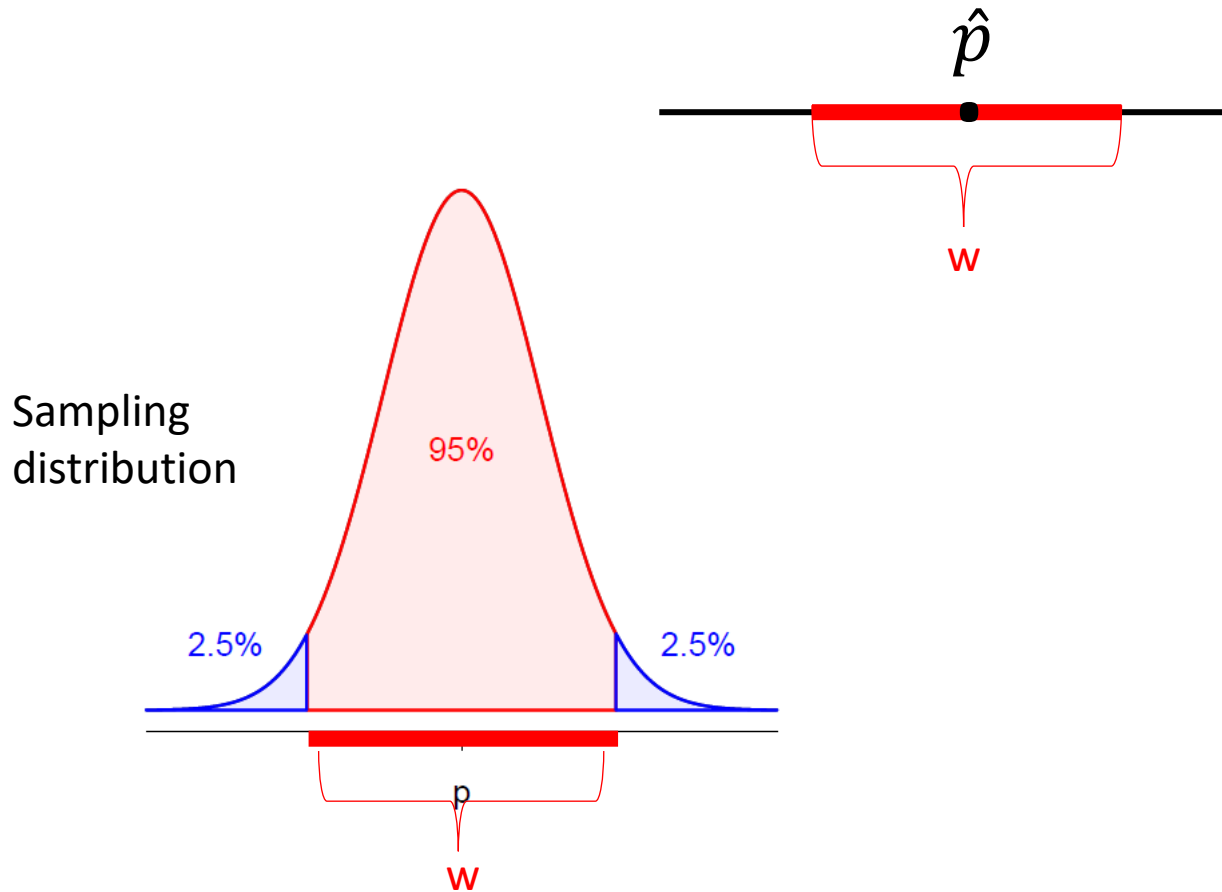


And we have 5% probability to draw a sample that has a  $\hat{p}$  that is in the blue area:



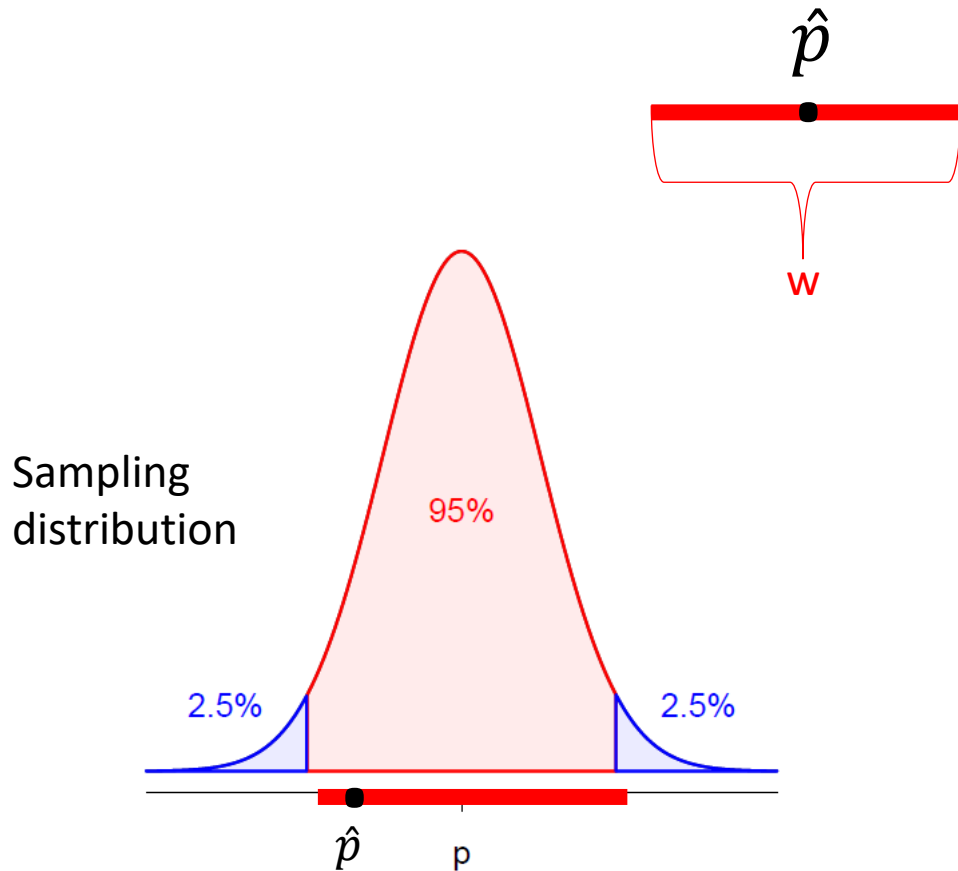
Now we use a trick!

Suppose that we use the interval  $w$  as the interval around  $\hat{p}$  ..



Now we use a trick!

Suppose that we use the interval  $w$  as the interval around  $\hat{p}$  ..



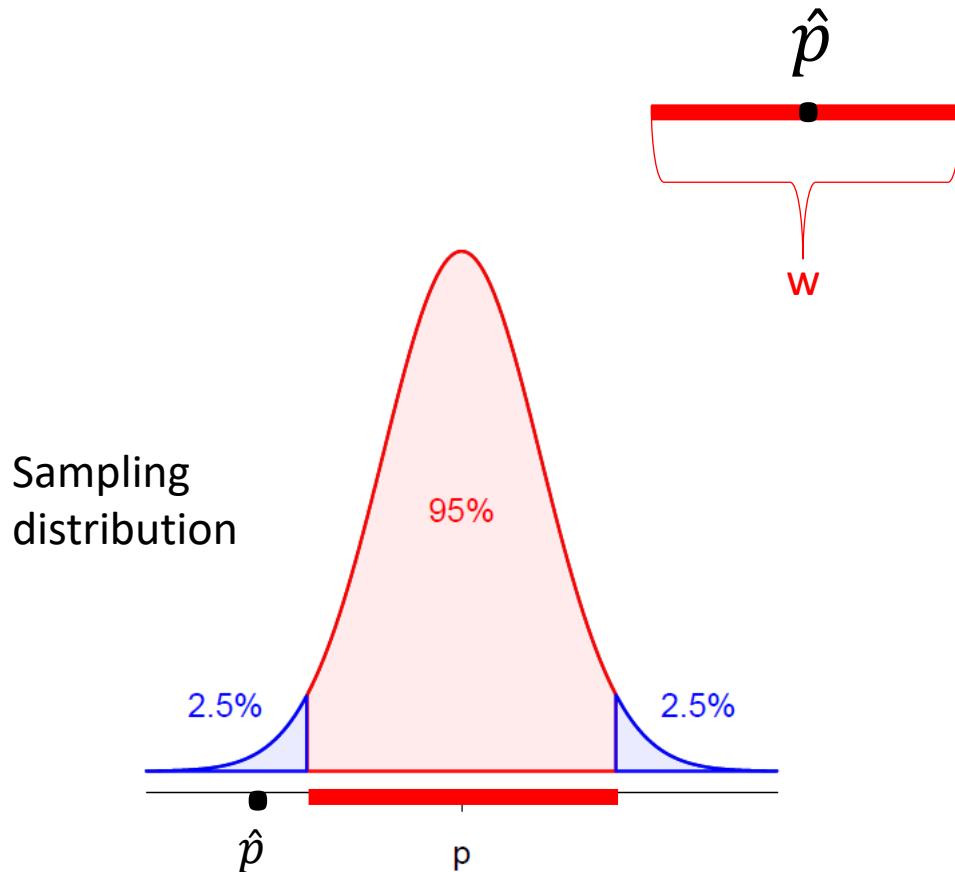
Suppose you draw a sample that has a proportion  $\hat{p}$  that is in the **red** area of the sampling distribution. Will the interval around  $\hat{p}$  include  $p$  ?

Yes!

And how often does that happen?  
95% of samples!

Now we use a trick!

Suppose that we use the interval  $w$  as the interval around  $\hat{p}$  ..



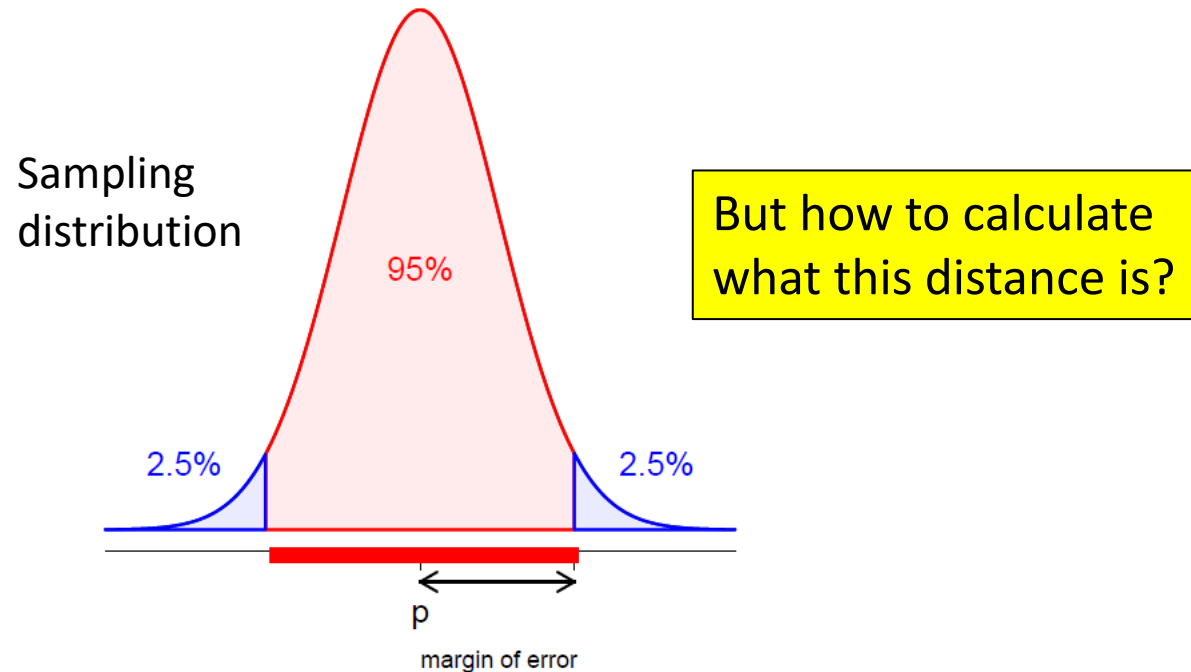
And when you draw a sample that has a proportion  $\hat{p}$  that is in the blue area of the sampling distribution, will the interval around  $\hat{p}$  include  $p$  ?

No!

And how often does that happen?  
5% of samples!

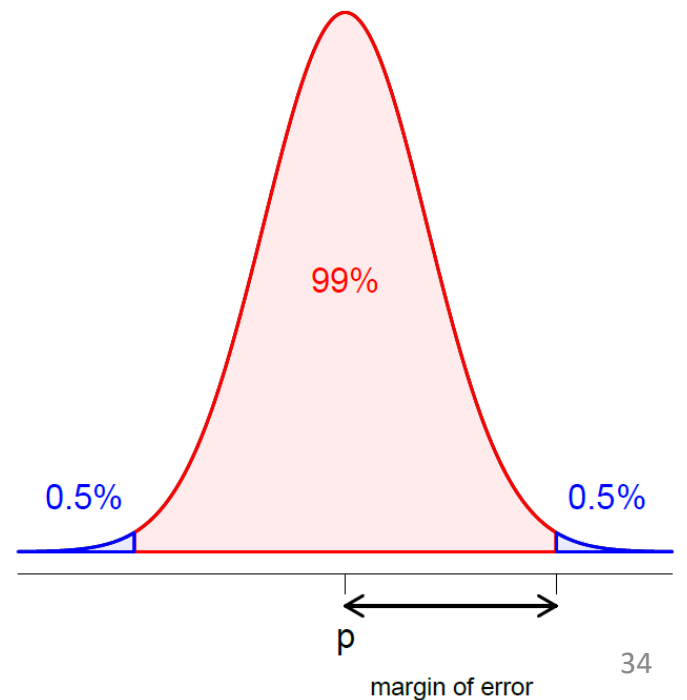
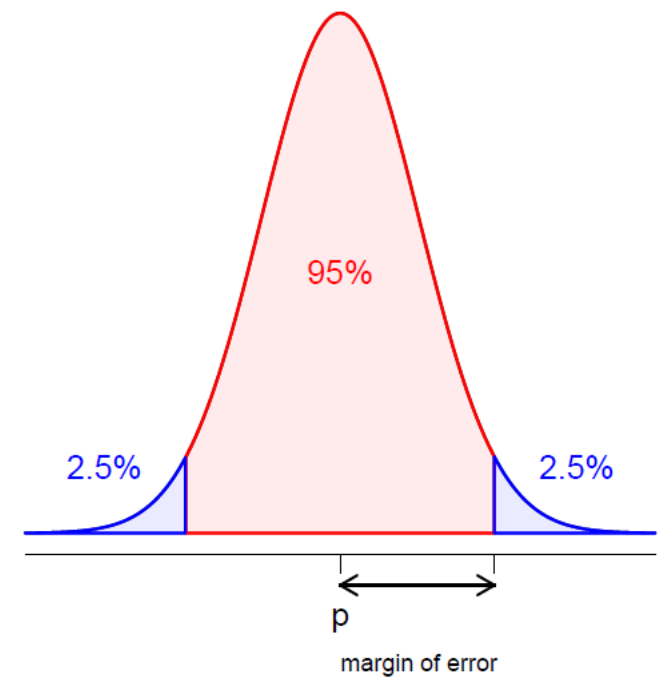
So, using this method, we find that for 95% of the samples the interval will include the correct population value.

The *margin of error* is the distance from the middle of the interval to the upper or lower bound.



# Confidence interval

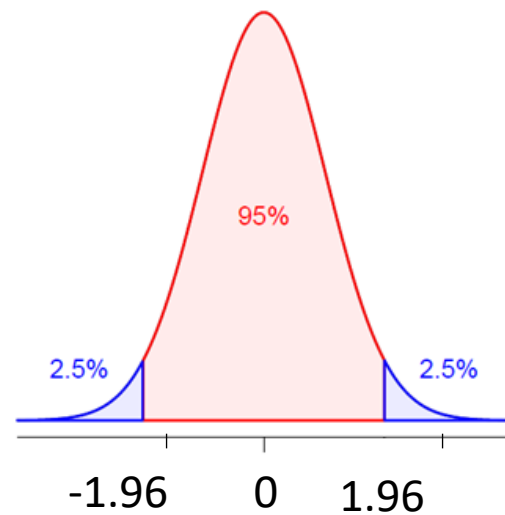
- margins of error are defined in the sampling distribution of  $\hat{p}$  like this →
- But how to obtain the exact values?
  - 1) Sampling distribution is normal (see before)
  - 2) → Use excel to get the corresponding z-score
  - 3) Transform the z-score to the original variable



# Confidence interval

First calculate the corresponding z-scores for a 2.5% tail of the distribution:  
=NORM.INV(0,025;0;1) in excel → for  $z = -1.96$  you have a 0.025 probability

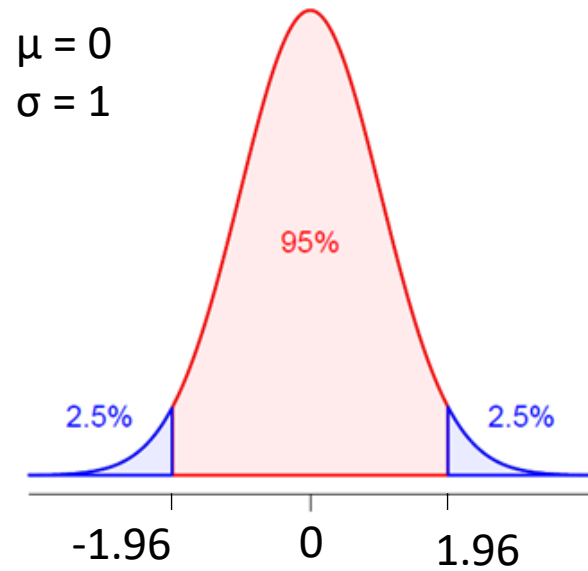
Because of symmetry, you know:  $z=1.96$  corresponds to 97.5% (i.e., the upper 2.5% tail)



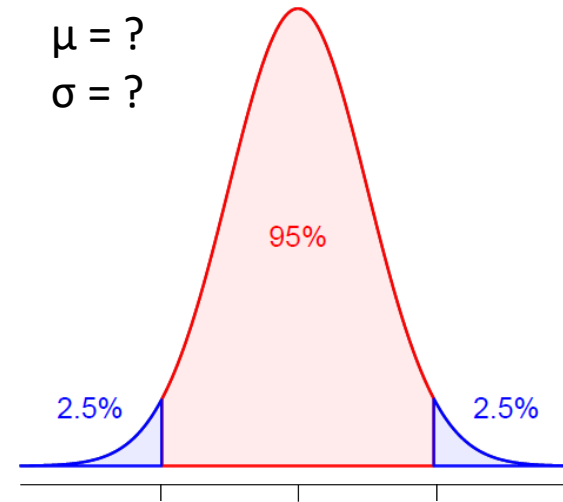
z-distribution

Z-score: the number of standard deviations that a given observation falls from the mean

Z-score

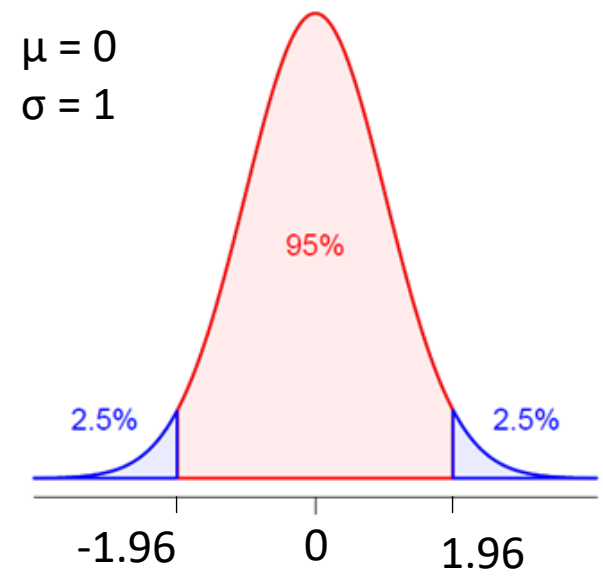


Original variable (statistic  $\hat{p}$ )

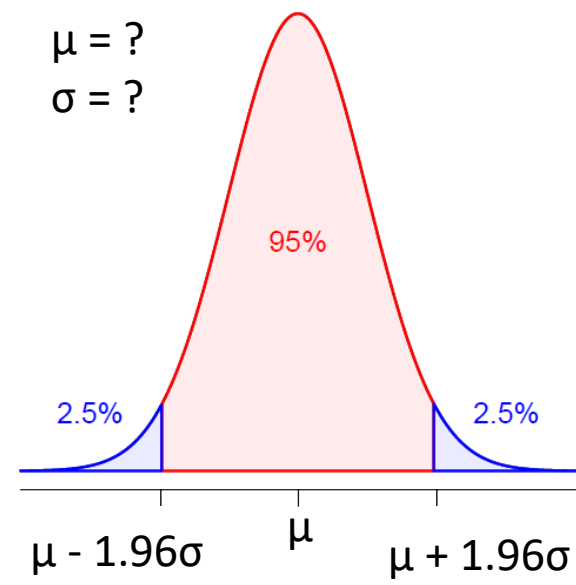


Z-score: the number of standard deviations that a given observation falls from the mean

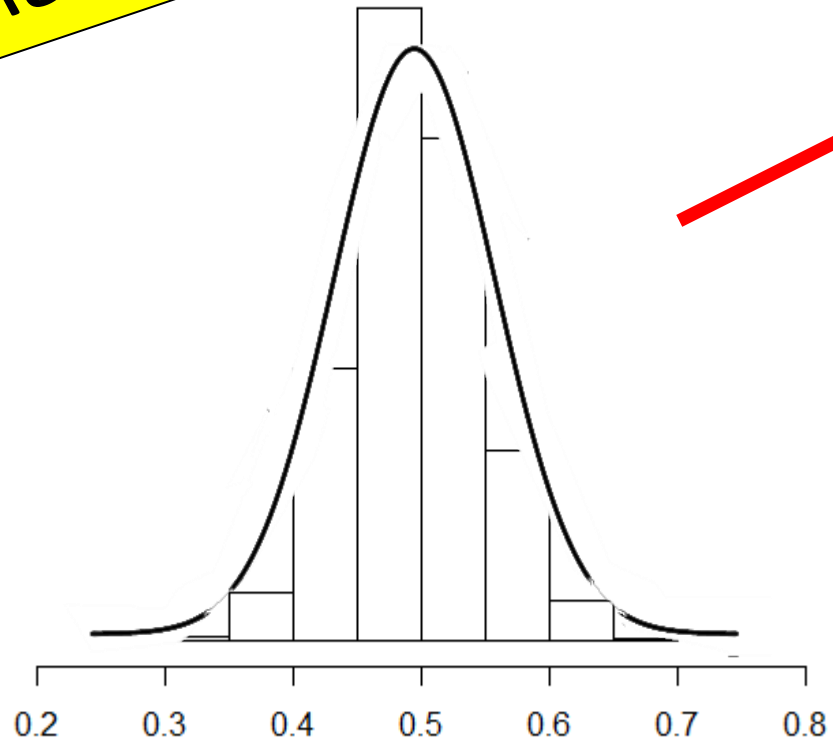
Z-score



Original variable (statistic  $\hat{p}$ )



**Remember?**



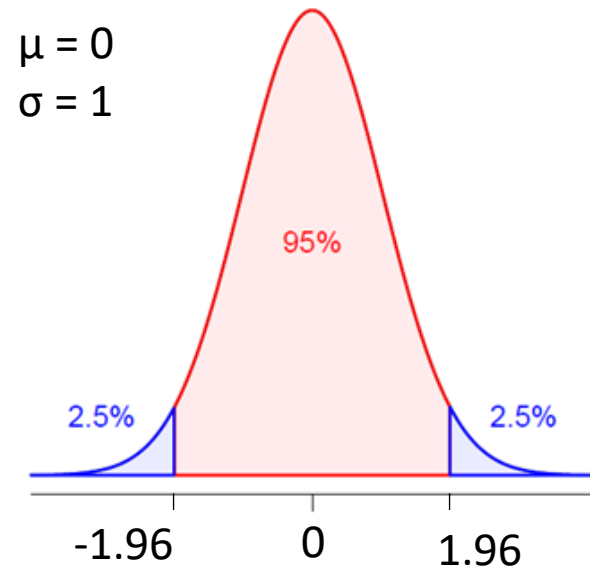
Chapter 7: "Sampling distribution of a proportion"

If  $np \geq 15$  and  $n(1-p) \geq 15$  then it approximates a normal distribution!

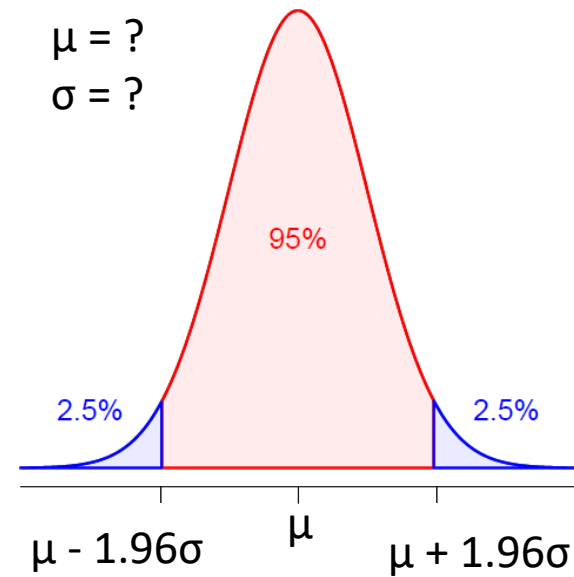
Mean:  $p$

standard deviation:  $\sqrt{\frac{p(1-p)}{n}}$

## Z-score

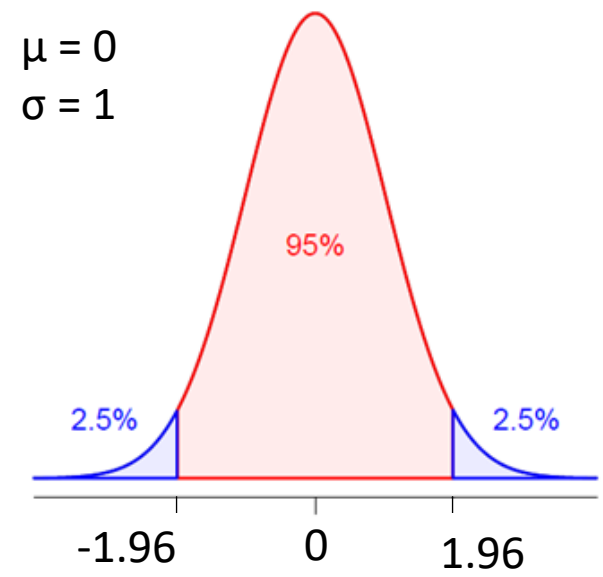


## Original variable (statistic $\hat{p}$ )

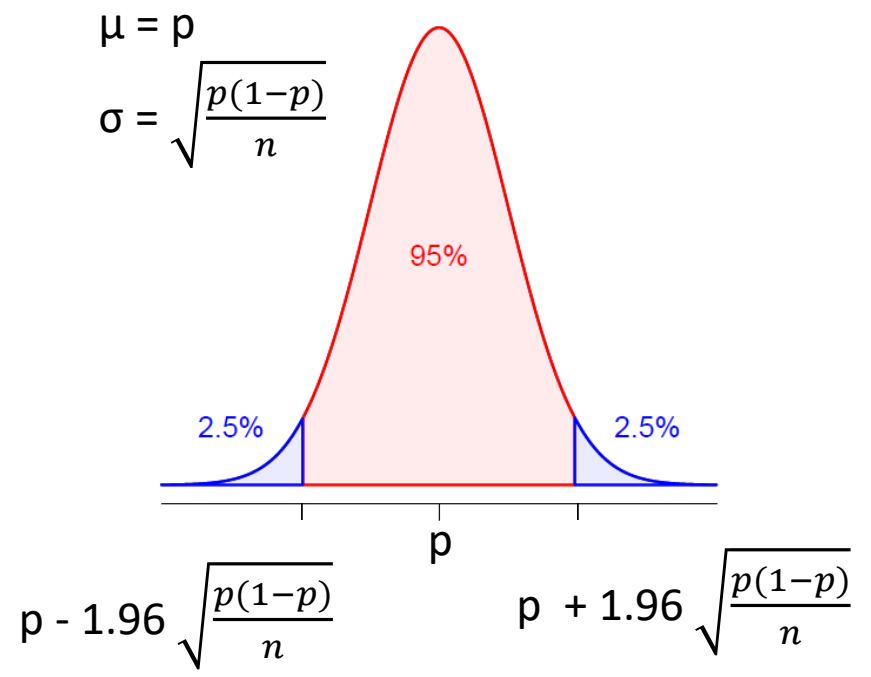


Thus:

Z-score

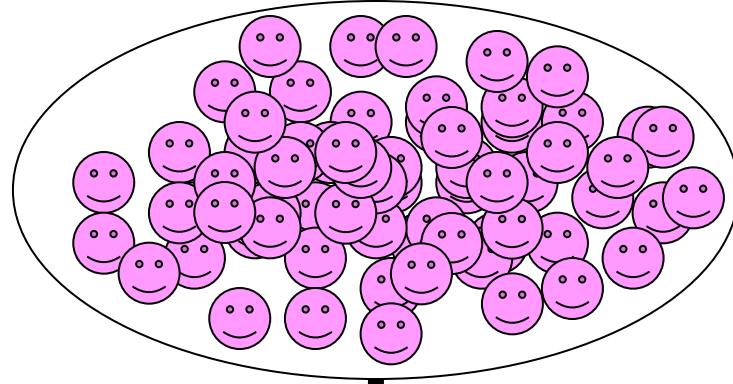


Original variable (statistic  $\hat{p}$ )

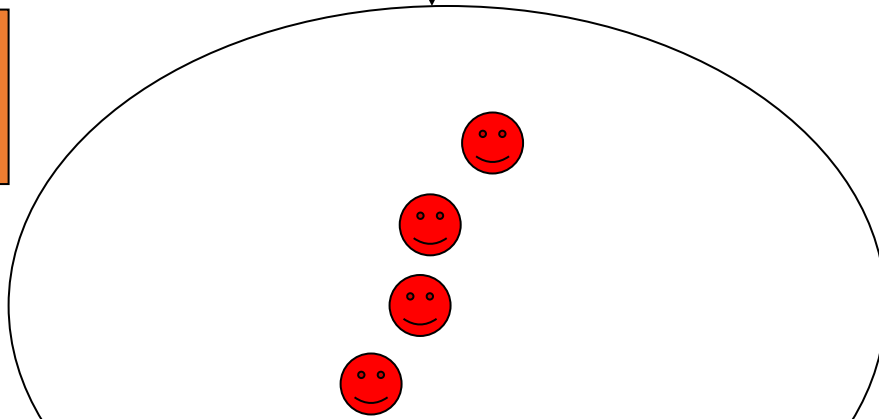


*But we don't know  $p$  😞*

Population  
 $p = 0.5$

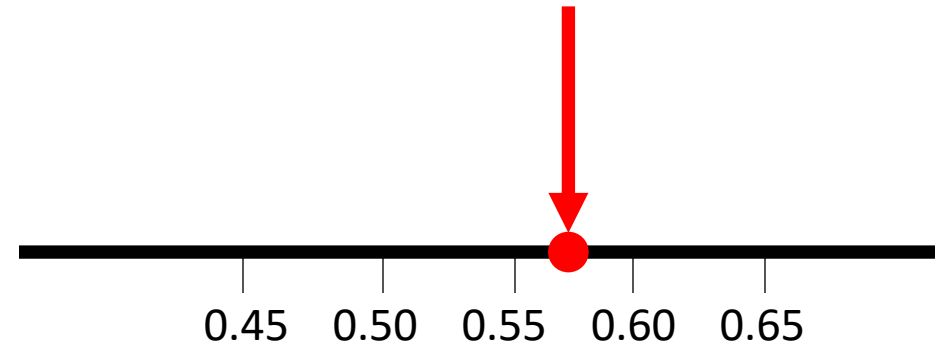


Sample  
 $\hat{p} = 0.57$



*But we do have an estimate of  $p$ :  $\hat{p}$  😊*

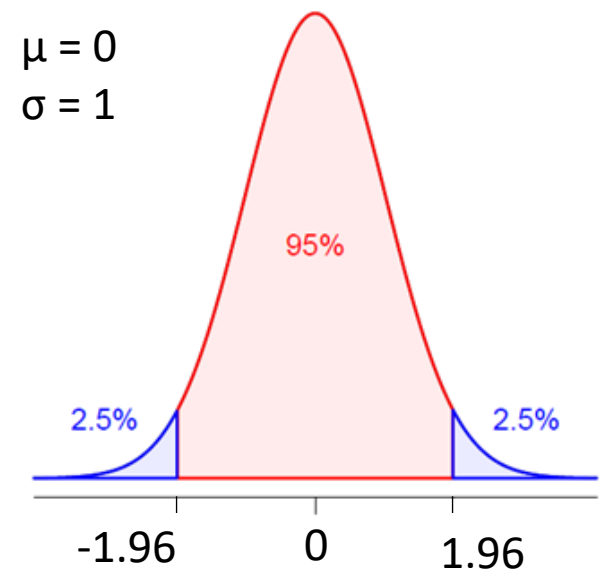
*“point estimate”*



Thus:

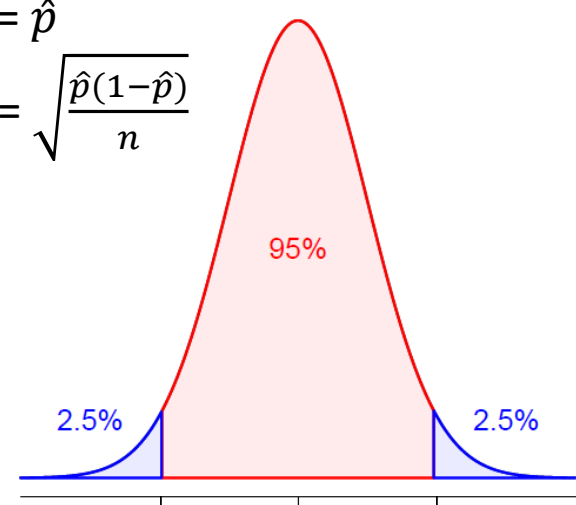
if you use an estimate of the standard deviation of the sampling distribution, you call this a **standard error, or se**

Z-score



Original variable

$$\hat{\mu} = \hat{p}$$
$$\hat{\sigma} = \sqrt{\frac{\hat{p}(1-\hat{p})}{n}}$$



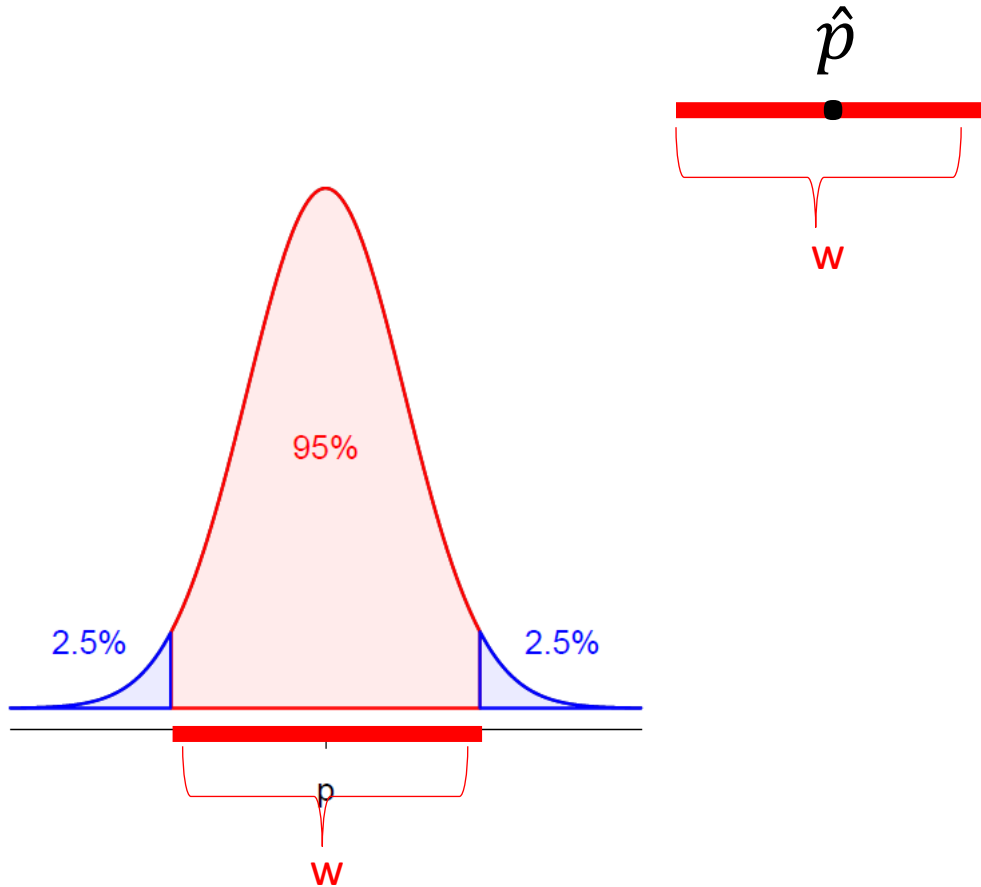
$$\hat{p} - 1.96 \sqrt{\frac{\hat{p}(1-\hat{p})}{n}} \qquad \hat{p} + 1.96 \sqrt{\frac{\hat{p}(1-\hat{p})}{n}}$$

*formula for 95% confidence interval of proportion*

Remember?

Now we use a trick!

Suppose that we use this interval  $w$  as the interval around  $\hat{p}$  ..

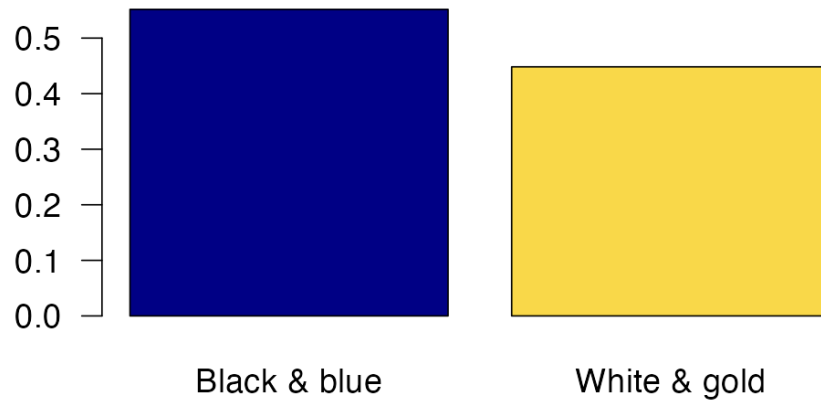


So, the interval  $w =$

$$\hat{p} \pm 1.96 \sqrt{\frac{\hat{p}(1-\hat{p})}{n}}$$

And for this interval it is the case that for 95% of samples, if we compute this interval, it will include  $p$

# Example: the dress



Black & blue: 144 (0.55)

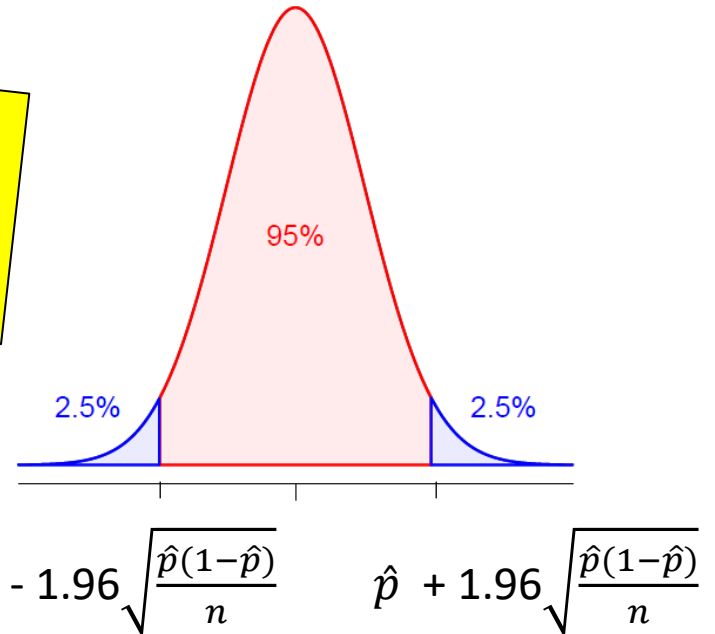
White & gold: 117 (0.45)



Let's compute a 95% confidence interval for the proportion who sees "Black & blue" using these data ( $n = 261$ )

# Example

Check whether normal approximation is allowed:  
 $n * p = 261 * 0.55 = 143.55$  **larger than 15**  
 $n * (1-p) = 261 * 0.45 = 117.45$  **larger than 15**  
**OK!**



- $n=261, \hat{p} = 0.55$

- 95% confidence interval:

$$\hat{p} - 1.96 \sqrt{\frac{\hat{p}(1-\hat{p})}{n}} = 0.55 - 1.96 \sqrt{\frac{0.55(1 - 0.55)}{261}} = 0.55 - 0.06 = 0.49$$

$$\hat{p} + 1.96 \sqrt{\frac{\hat{p}(1-\hat{p})}{n}} = 0.55 + 1.96 \sqrt{\frac{0.55(1 - 0.55)}{261}} = 0.55 + 0.06 = 0.61$$

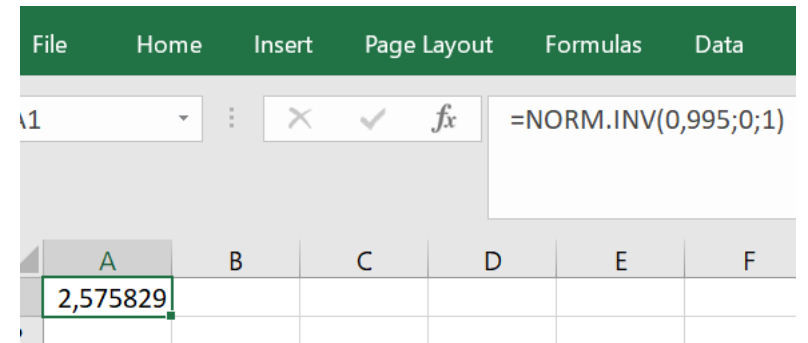
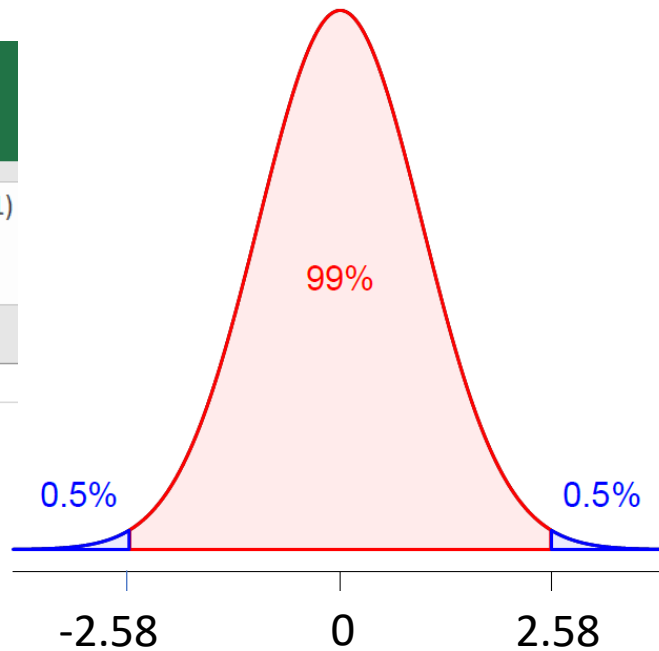
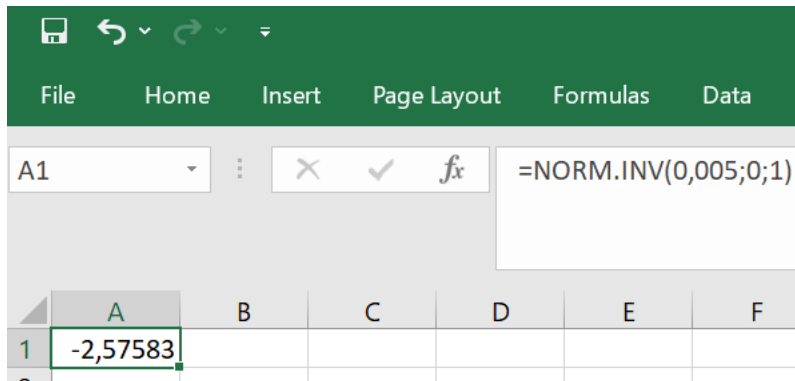
The values in this interval are 'believable values' for the population parameter. In 95% of cases when I construct an interval in this way, the interval will include the population parameter!

Margin of error is 0.06

0.5 is also in the interval! So 0.5 is also a believable value!

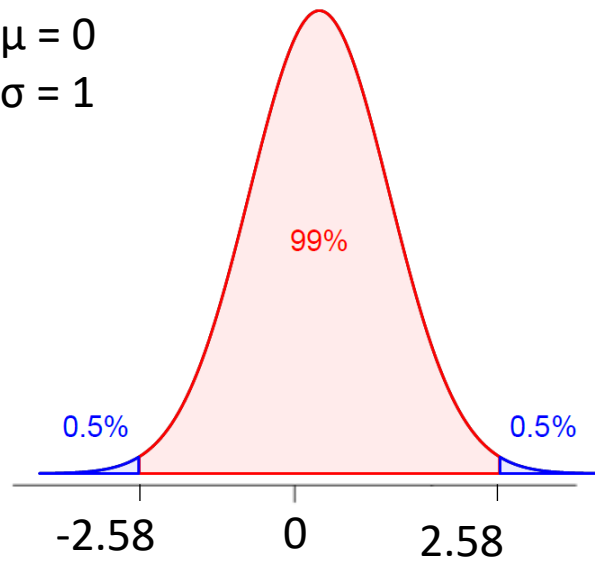
# 99% confidence interval?

From Excel:



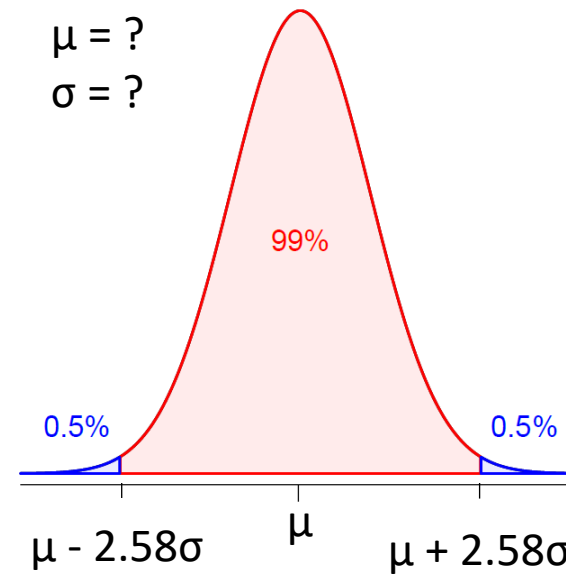
## Z-score

$$\mu = 0$$
$$\sigma = 1$$



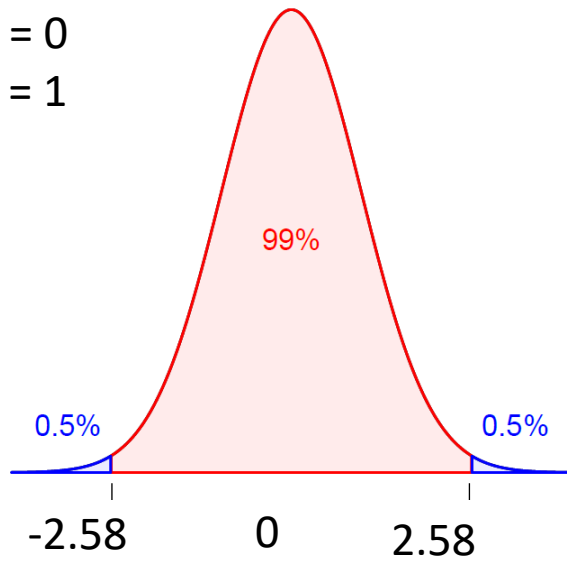
## Original variable

$$\mu = ?$$
$$\sigma = ?$$



## Z-score

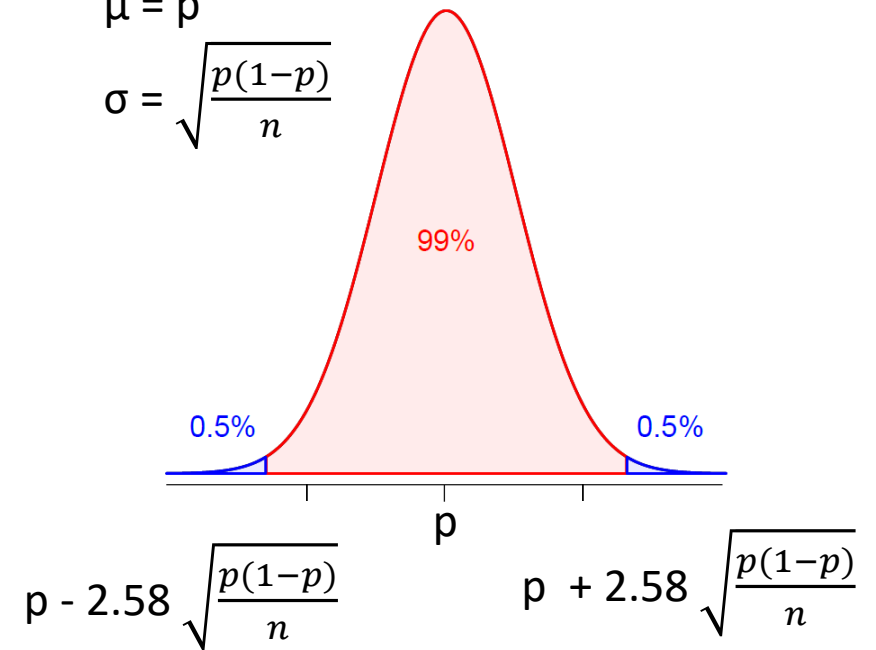
$$\mu = 0$$
$$\sigma = 1$$



## Original variable

$$\mu = p$$

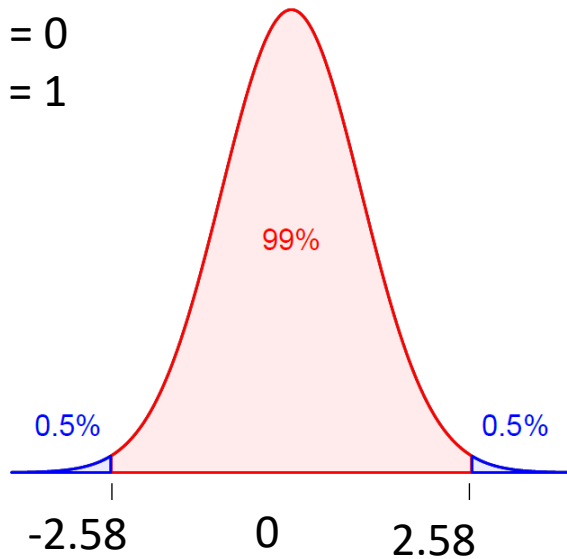
$$\sigma = \sqrt{\frac{p(1-p)}{n}}$$



substituting  $\hat{p}$  for  $p$ :

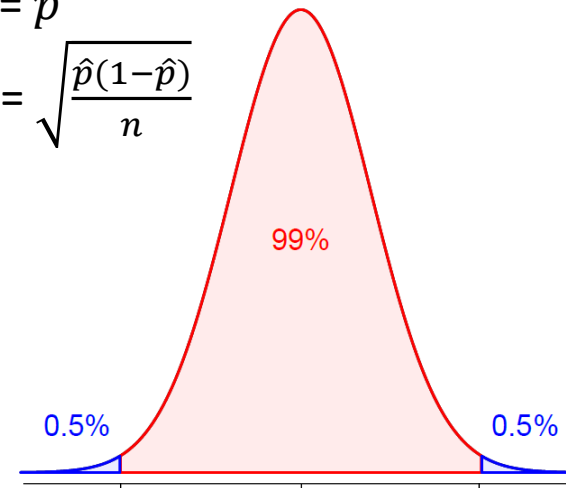
Z-score

$\mu = 0$   
 $\sigma = 1$



Original variable

$\hat{\mu} = \hat{p}$   
 $\hat{\sigma} = \sqrt{\frac{\hat{p}(1-\hat{p})}{n}}$



$$\hat{p} - 2.58 \sqrt{\frac{\hat{p}(1-\hat{p})}{n}} \qquad \hat{p} + 2.58 \sqrt{\frac{\hat{p}(1-\hat{p})}{n}}$$

*formula for 99% confidence interval of proportion*

# Example

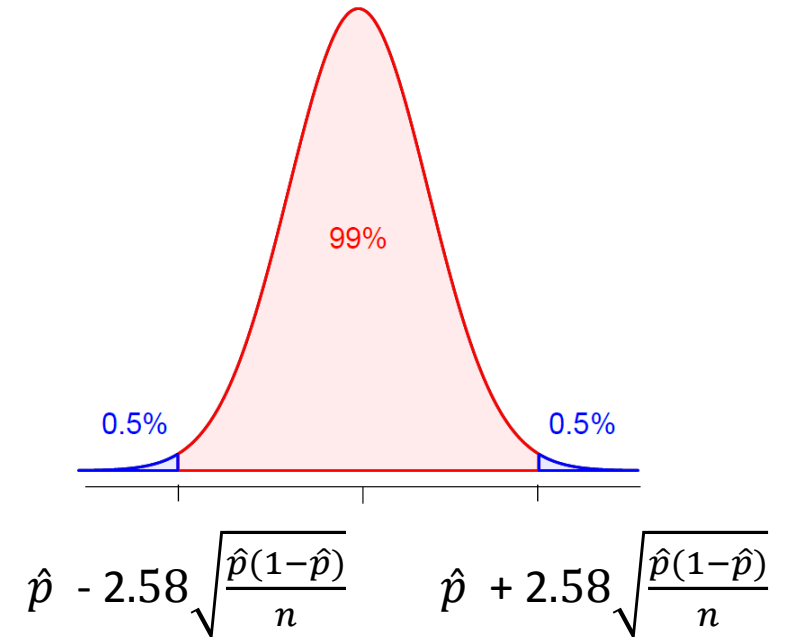
- $n=261$ ,  $\hat{p} = 0.55$

- 99% confidence interval:

$$\hat{p} - 2.58 \sqrt{\frac{\hat{p}(1-\hat{p})}{n}} = 0.55 - 2.58 \sqrt{\frac{0.55(1-0.55)}{261}} = 0.55 - 0.08 = 0.47$$

$$\hat{p} + 2.58 \sqrt{\frac{\hat{p}(1-\hat{p})}{n}} = 0.55 + 2.58 \sqrt{\frac{0.55(1-0.55)}{261}} = 0.55 + 0.08 = 0.63$$

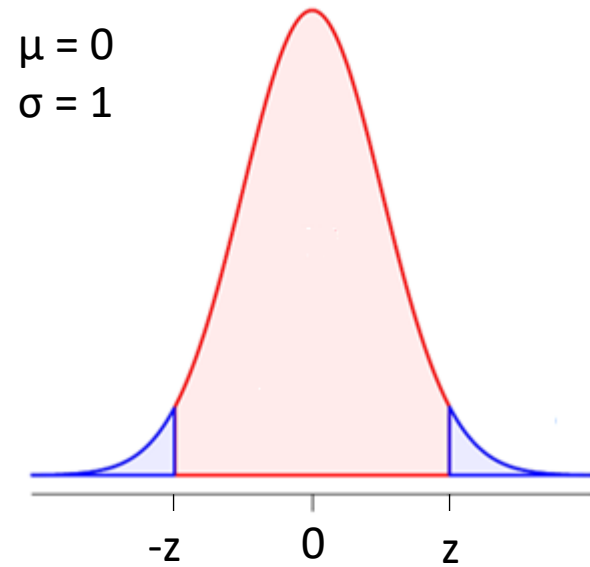
In 99% of cases when I construct an interval in this way, the interval will include the population parameter!



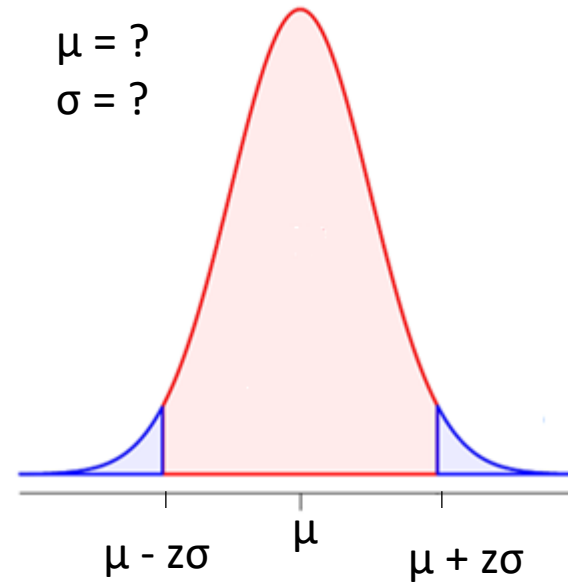
Margin of error  
increased to  
0.08

# General formula

Z-score

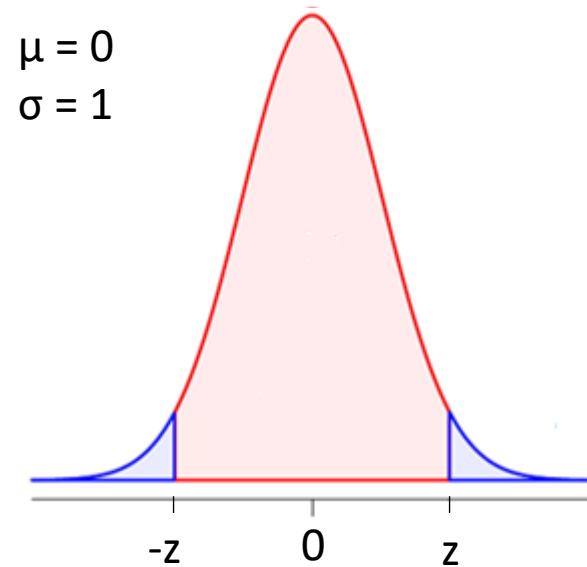


Original variable

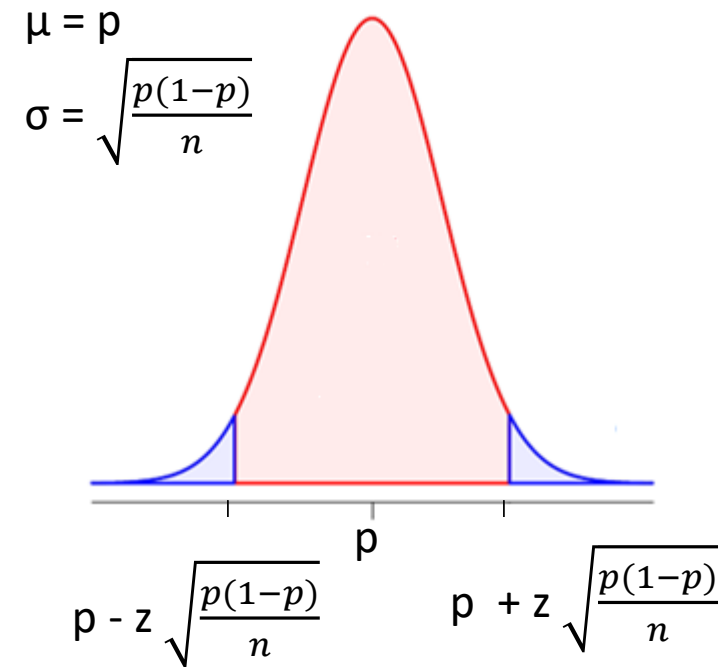


# General formula

Z-score



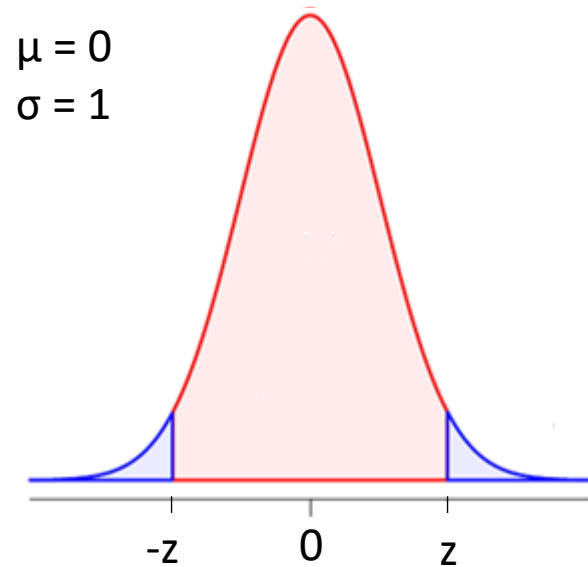
Original variable



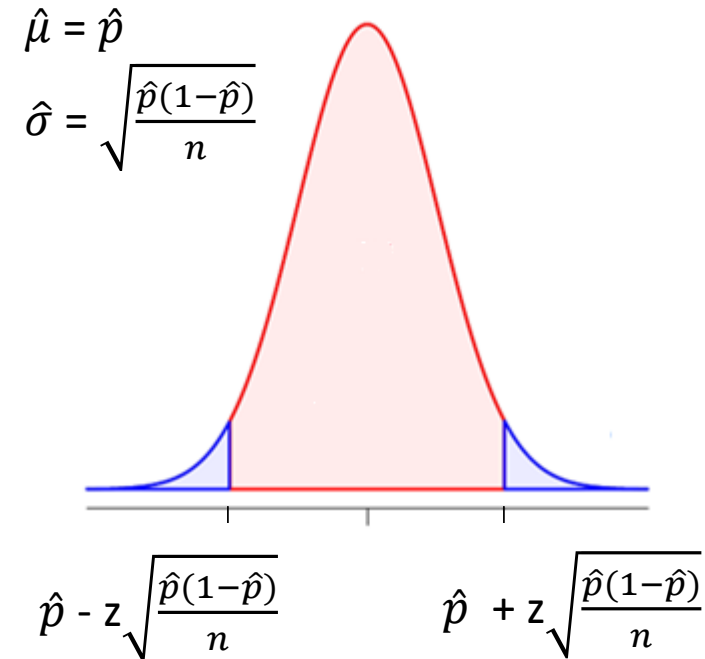
# General formula

substituting  $\hat{p}$  for  $p$ :

Z-score



Original variable



general formula for confidence interval of proportion (the one on the formula sheet)  
And it will also mention:  
for 95%  $z = 1.96$  and for 99%  $z = 2.58$

$\hat{p} \pm z(\text{se})$  which is  $\hat{p} \pm z\sqrt{\hat{p}(1 - \hat{p})/n}$

# Today

Memory refresh of sampling distribution

Point versus interval estimation

Constructing a confidence interval

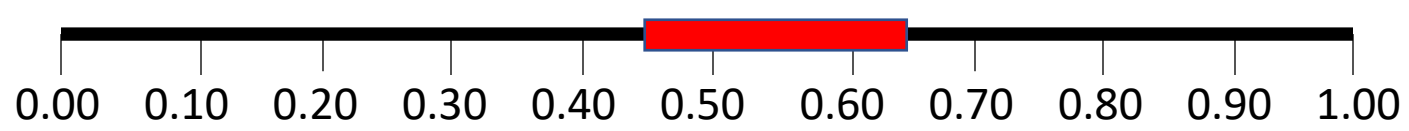
**What affects confidence intervals**

Interpretation of confidence intervals

# What affects confidence intervals?

Formula for confidence interval:  
 $\hat{p} \pm z(\text{se})$  which is  $\hat{p} \pm z\sqrt{\hat{p}(1 - \hat{p})/n}$

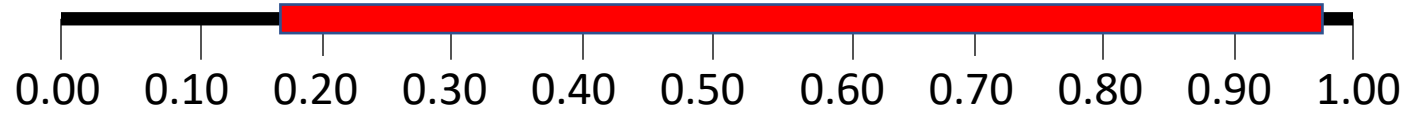
1) The confidence level (if level goes up,  $z$  goes up making the interval wider)



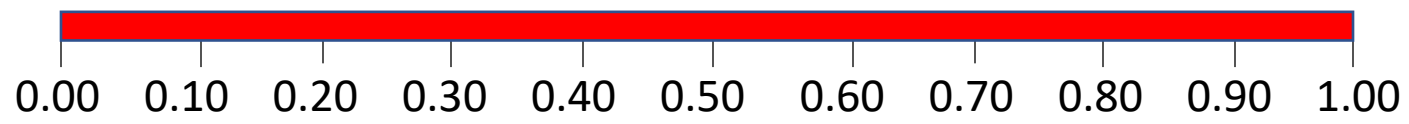
*95% confidence interval*



*99% confidence interval*



*99.9% confidence interval*

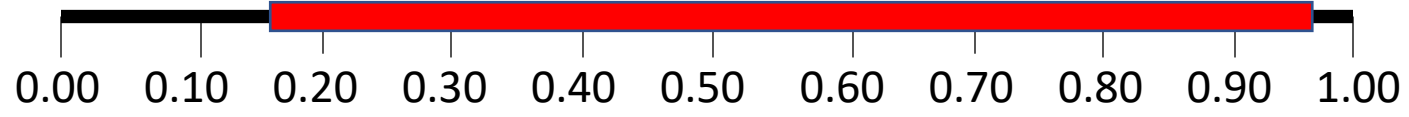


*100% confidence interval*

Formula for confidence interval:  
 $\hat{p} \pm z(\text{se})$  which is  $\hat{p} \pm z\sqrt{\hat{p}(1 - \hat{p})/n}$

# What affects confidence intervals?

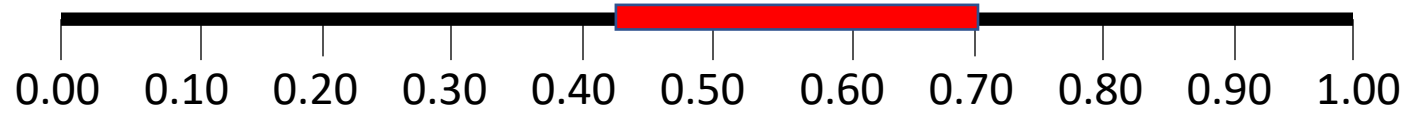
2) The sample size,  $n$  (if  $n$  goes up,  $se$  goes down, making the interval smaller)



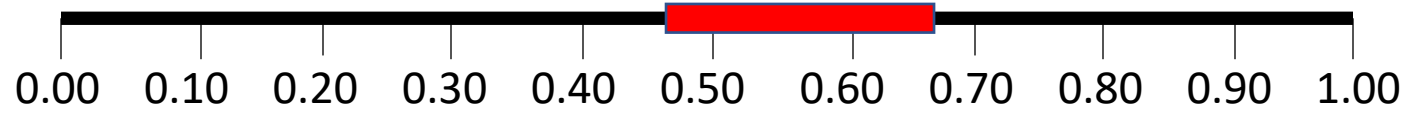
$n=6$



$n=10$



$n=50$

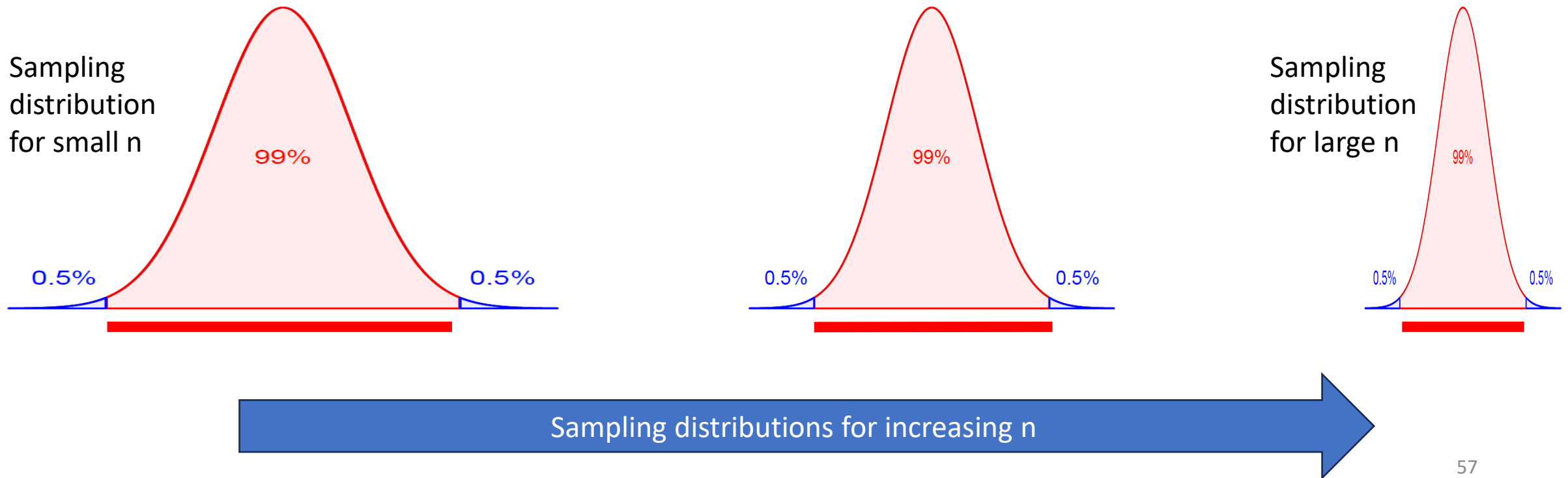


$n=100$

# What affects confidence intervals

Formula for confidence interval:  
 $\hat{p} \pm z(\text{se})$  which is  $\hat{p} \pm z\sqrt{\hat{p}(1 - \hat{p})/n}$

2) The sample size,  $n$  (if  $n$  goes up,  $se$  goes down, making the interval smaller)



# Today

Memory refresh of sampling distribution

Point versus interval estimation

Constructing a confidence interval

What affects confidence intervals

**Interpretation of confidence intervals**

# Interpretation of a confidence interval

Psychon Bull Rev  
DOI 10.3758/s13423-013-0572-3

BRIEF REPORT

## Robust misinterpretation of confidence intervals

Rink Hoekstra · Richard D. Morey · Jeffrey N. Rouder ·  
Eric-Jan Wagenmakers

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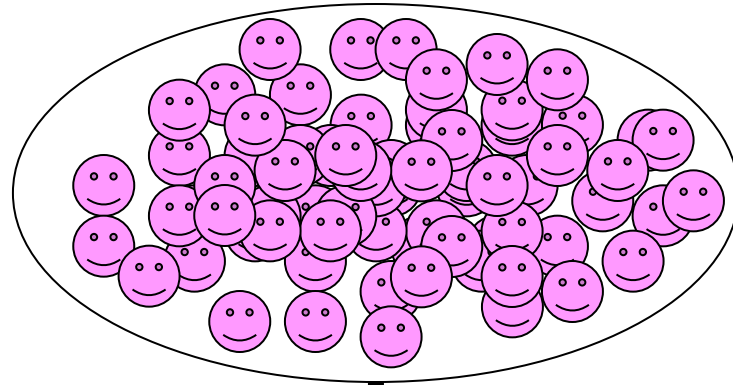
**Abstract** Null hypothesis significance testing (NHST) is undoubtedly the most common inferential technique used to justify claims in the social sciences. However, even staunch defenders of NHST agree that its outcomes are often misinterpreted. Confidence intervals (CIs) have frequently been proposed as a more useful alternative to NHST, and their use is strongly encouraged in the APA Manual. Nevertheless, little is known about how researchers interpret CIs. In this study, 120 researchers and 442 students, all in the field of psychology, were

**Keywords** Confidence intervals · Significance testing · Inference

### Introduction

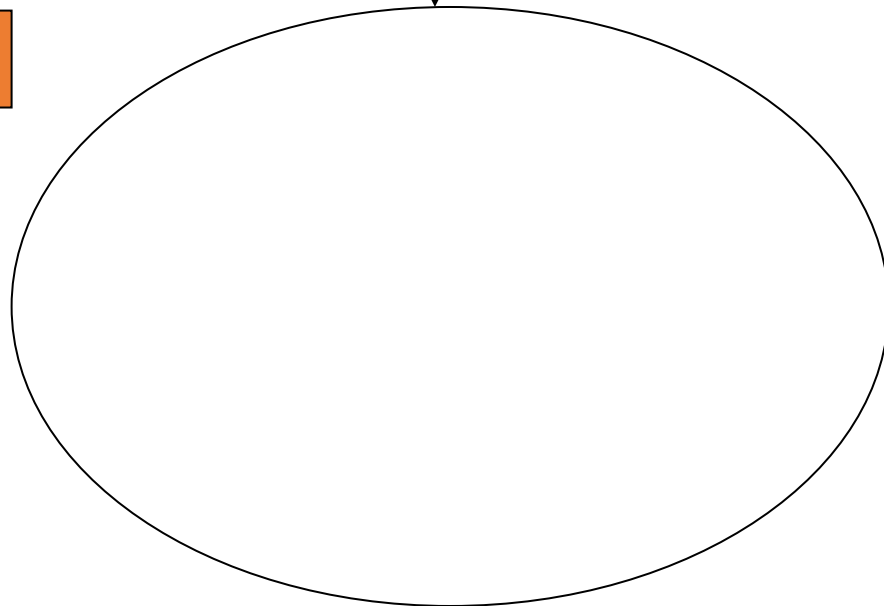
Statistical inference is central to the justification of claims across scientific fields. When statistics such as  $p$ -values or confidence intervals (CIs) serve as the basis for scientific claims, it is essential that researchers in

Population  
 $p = 0.4$

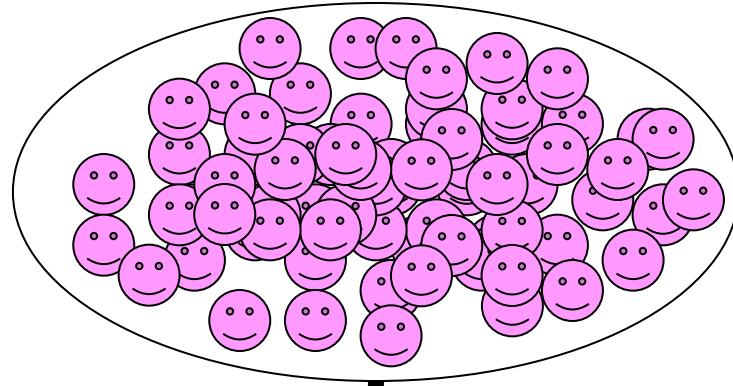


sample 1

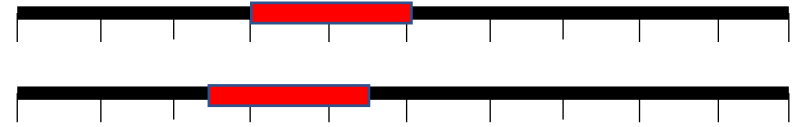
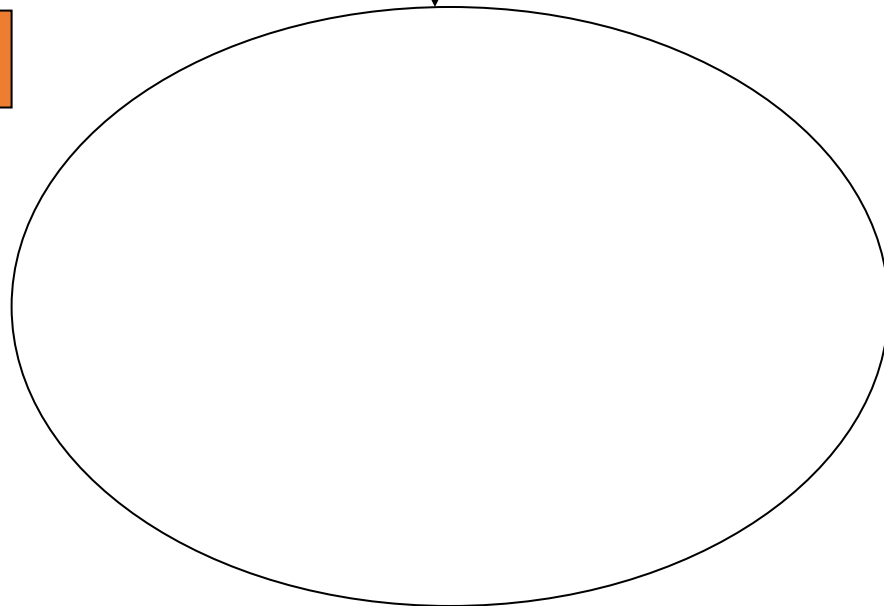
Sample



Population  
 $p = 0.4$



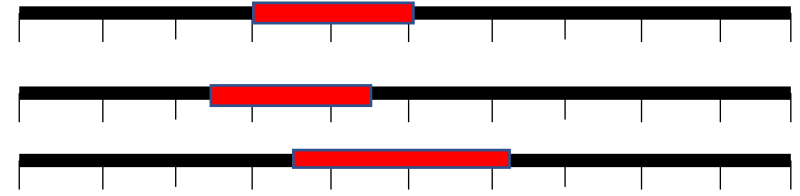
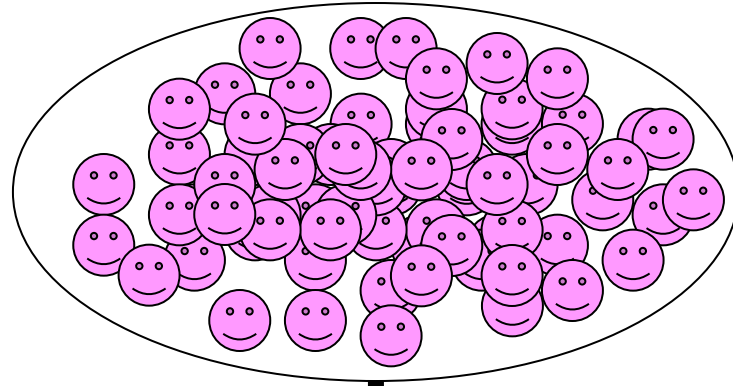
Sample



sample 1

sample 2

Population  
 $p = 0.4$

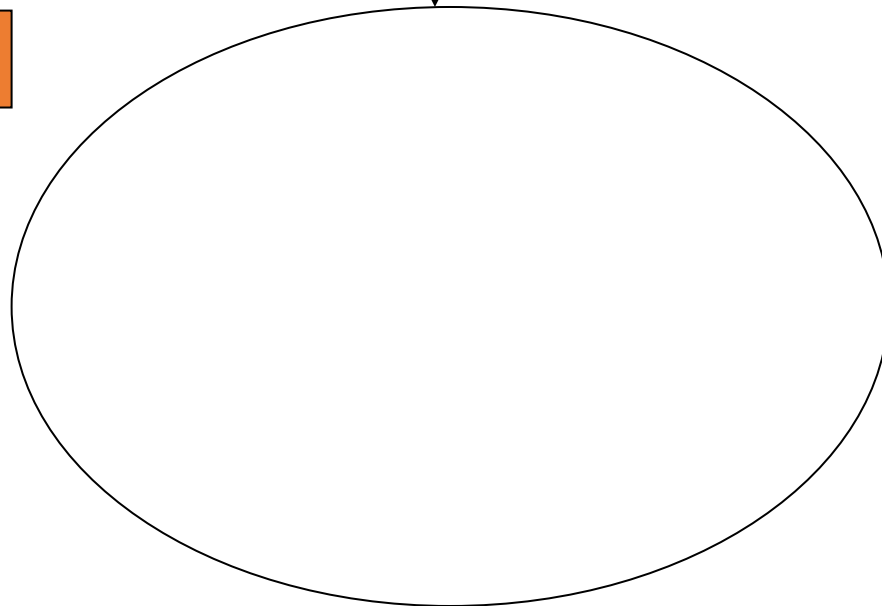


sample 1

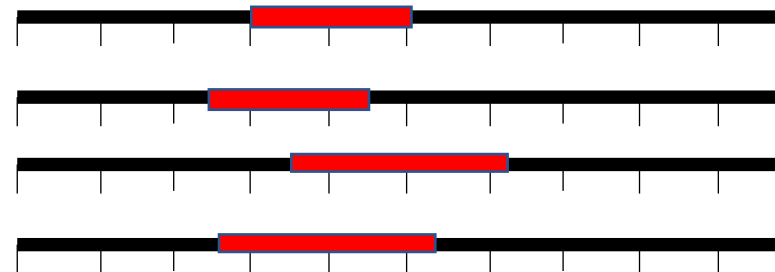
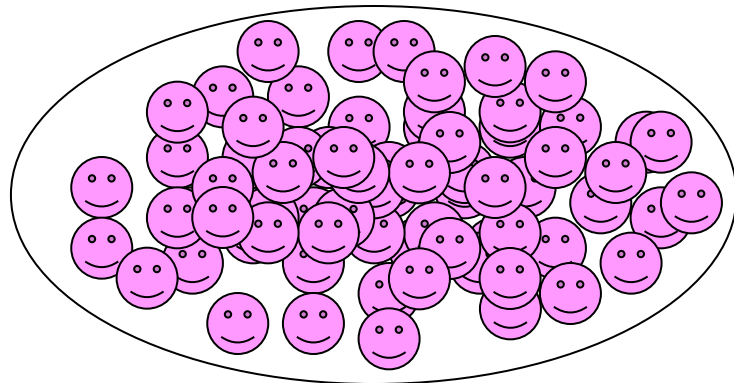
sample 2

sample 3

Sample

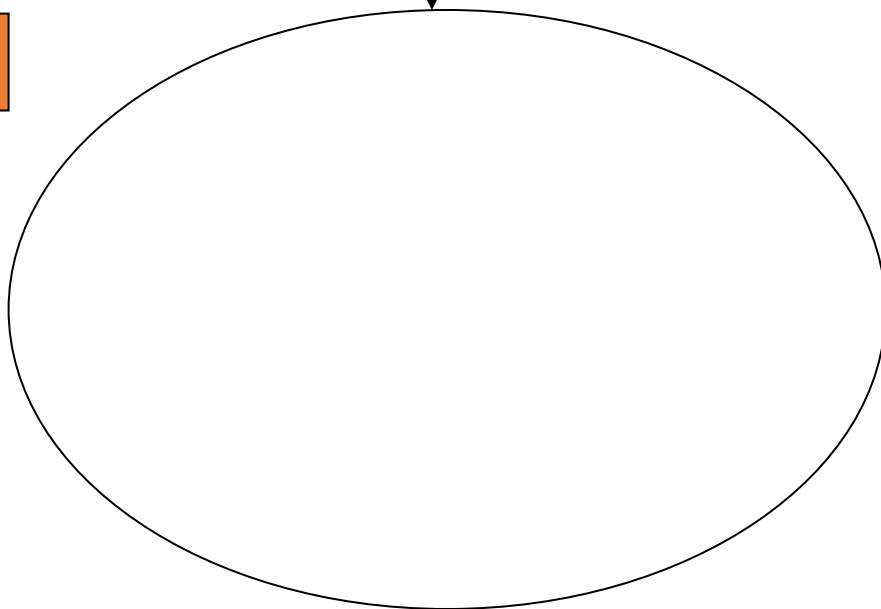


Population  
 $p = 0.4$

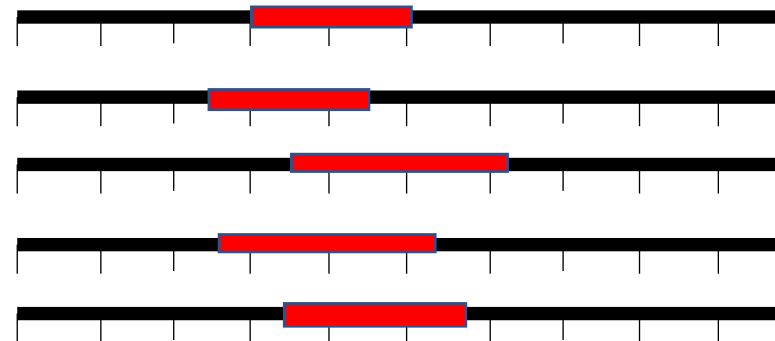
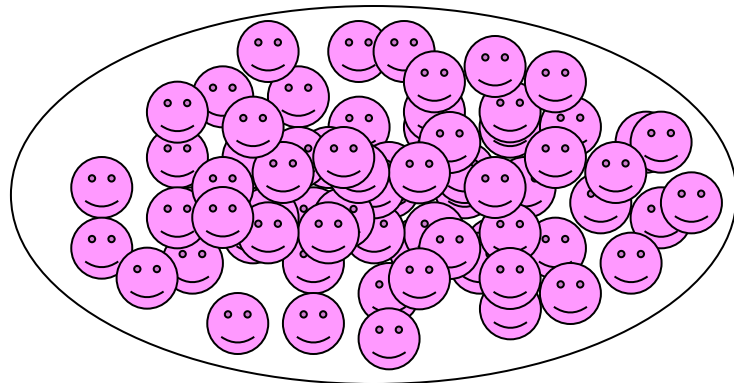


sample 1  
sample 2  
sample 3  
sample 4

Sample

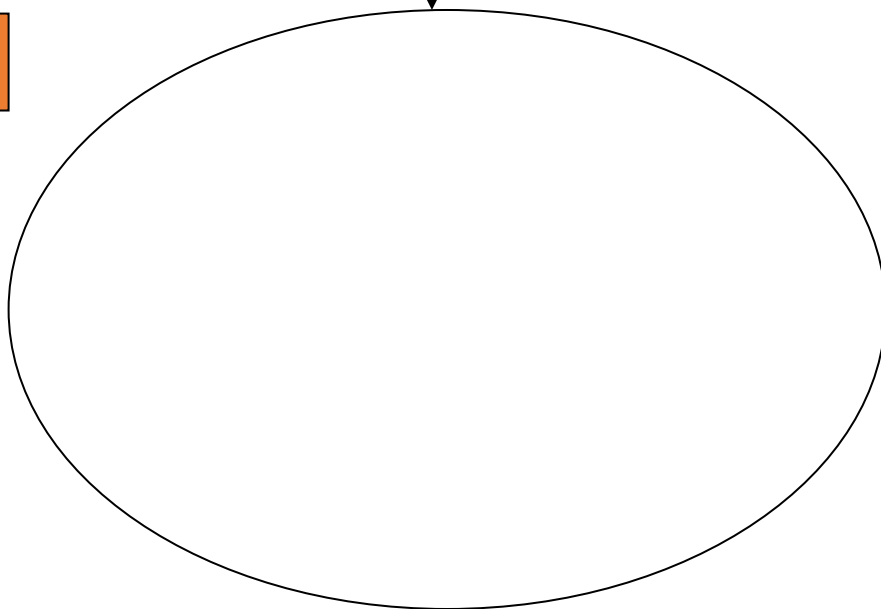


Population  
 $p = 0.4$

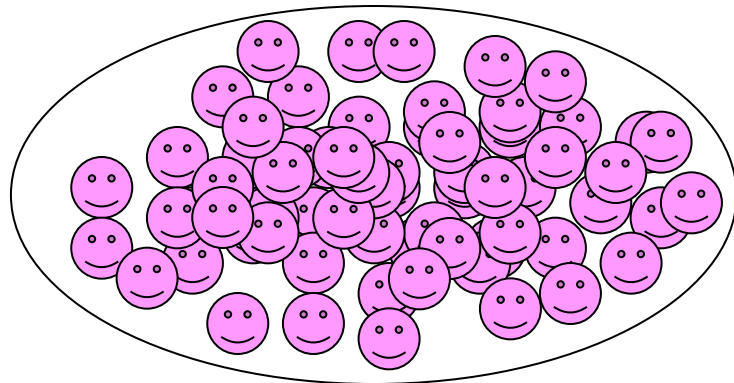


sample 1  
sample 2  
sample 3  
sample 4  
sample 5

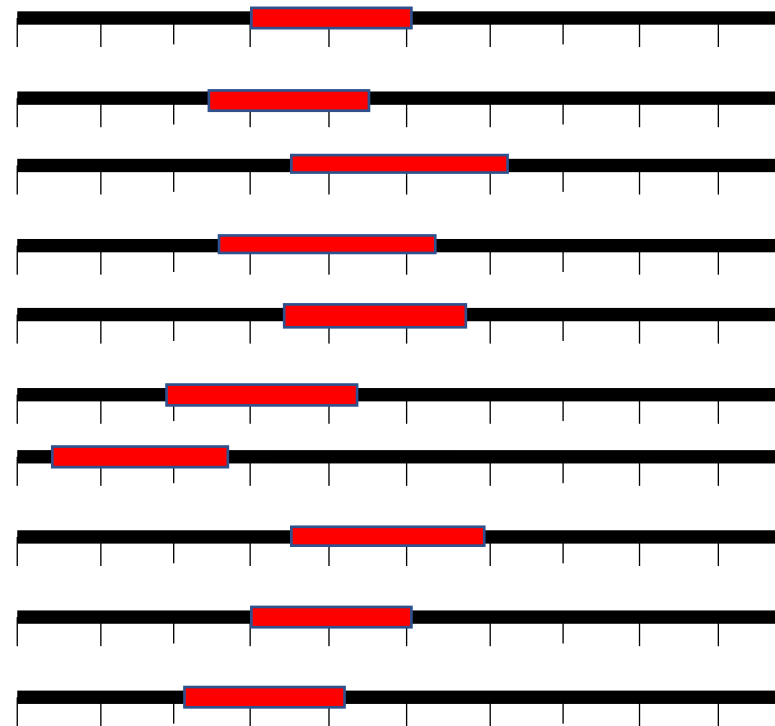
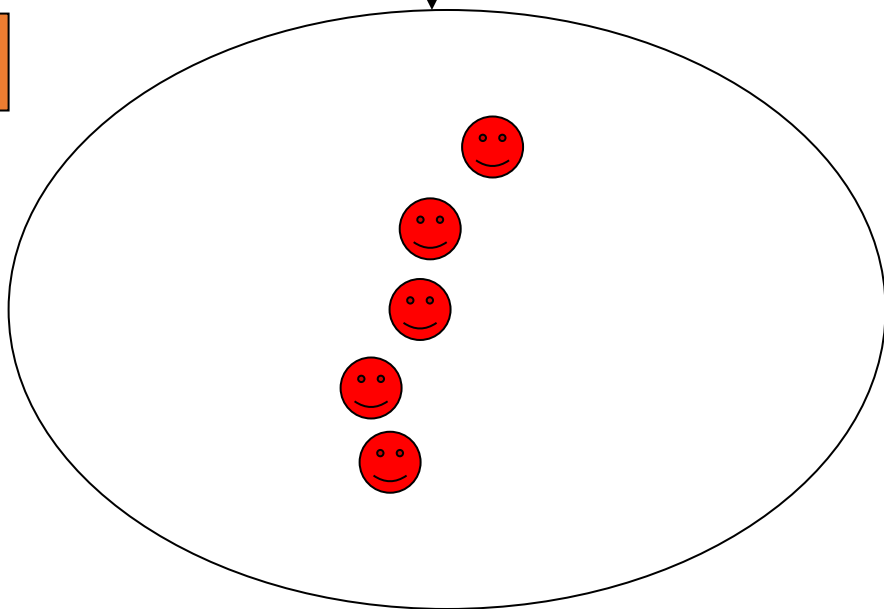
Sample



Population  
 $p = 0.4$

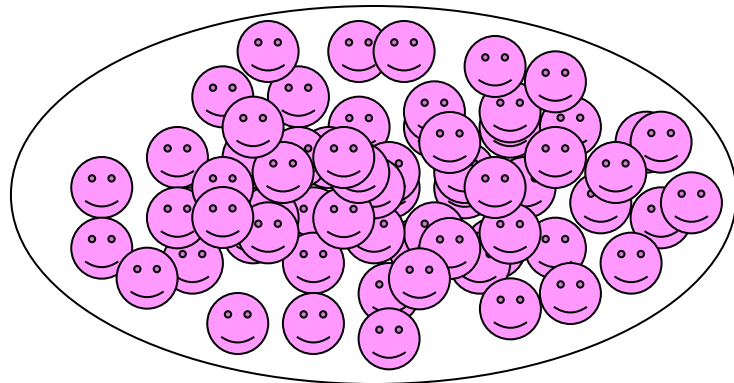


Sample

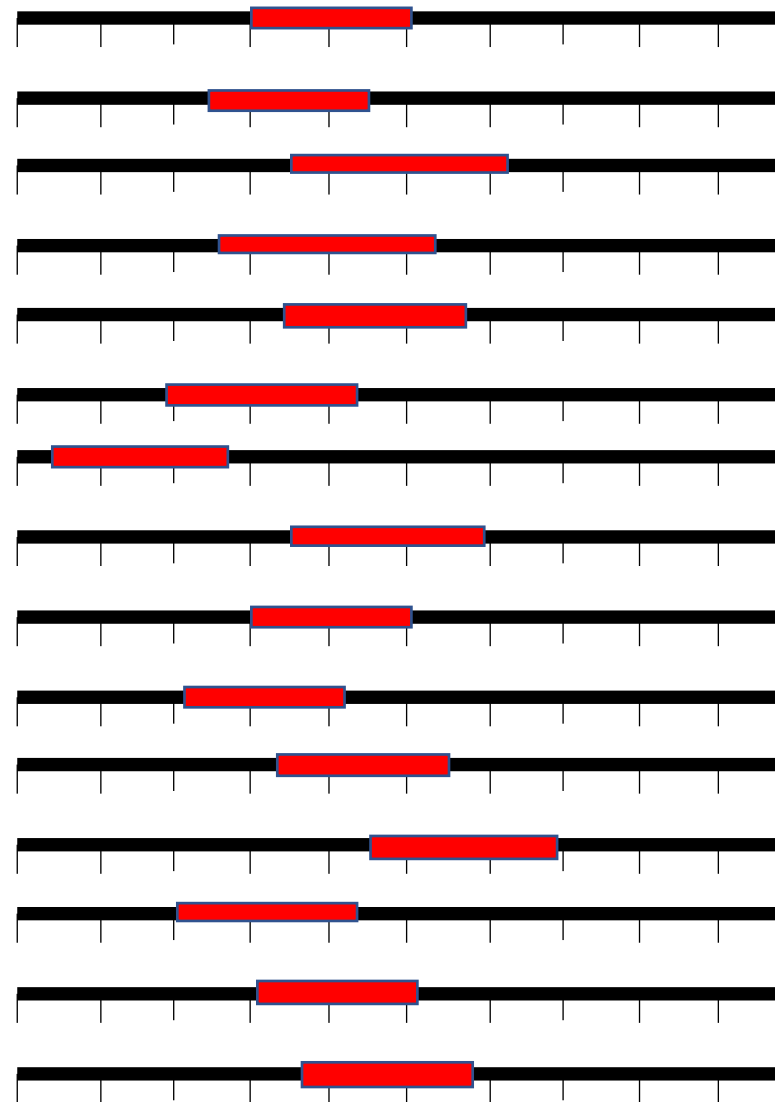
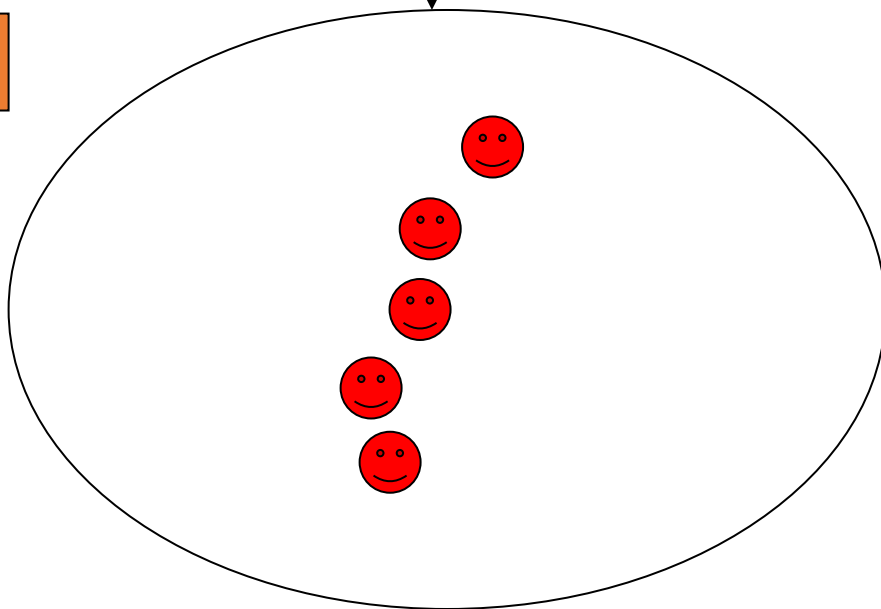


sample 1  
sample 2  
sample 3  
sample 4  
sample 5  
sample 6  
sample 7  
sample 8  
sample 9  
sample 10

Population  
 $p = 0.4$

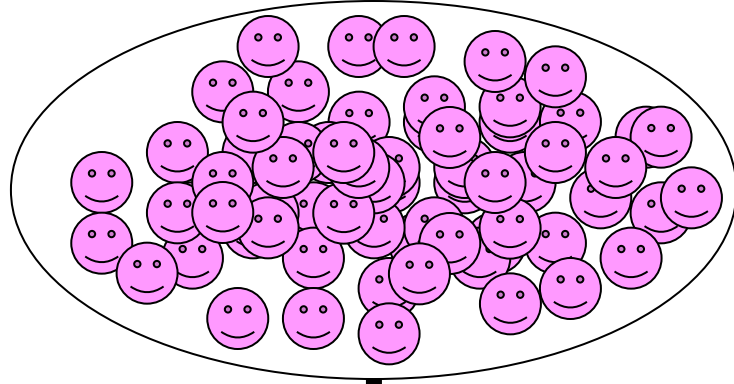


Sample



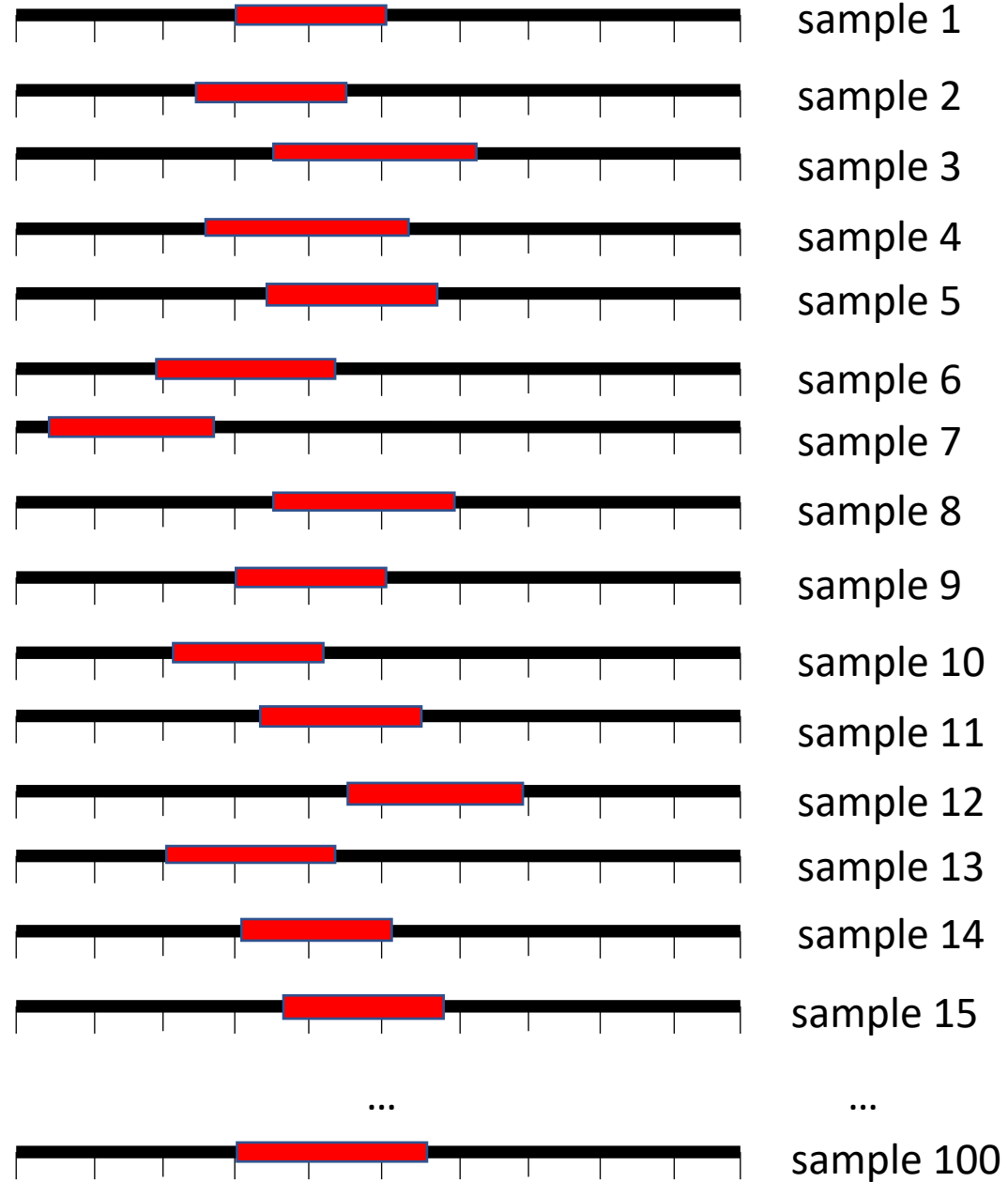
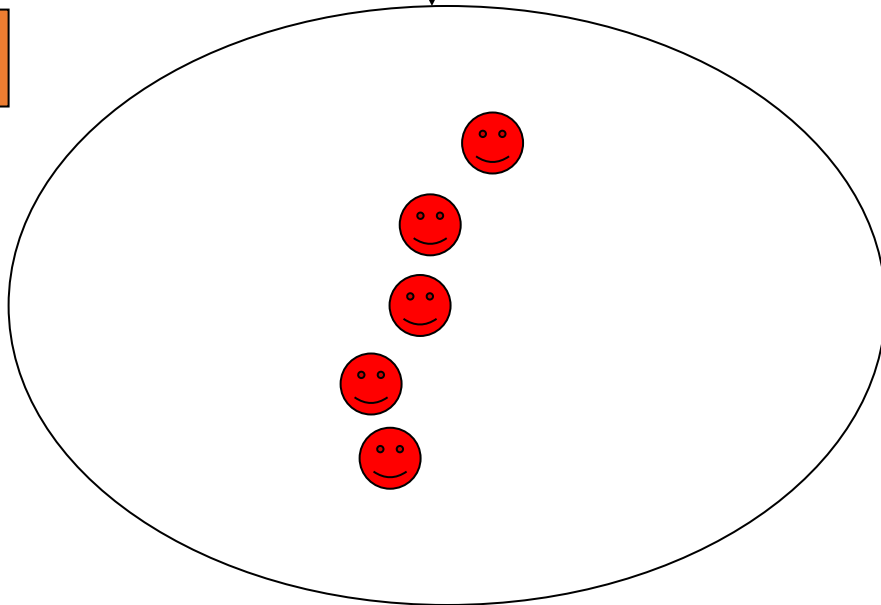
sample 1  
sample 2  
sample 3  
sample 4  
sample 5  
sample 6  
sample 7  
sample 8  
sample 9  
sample 10  
sample 11  
sample 12  
sample 13  
sample 14  
sample 15

Population  
 $p = 0.4$

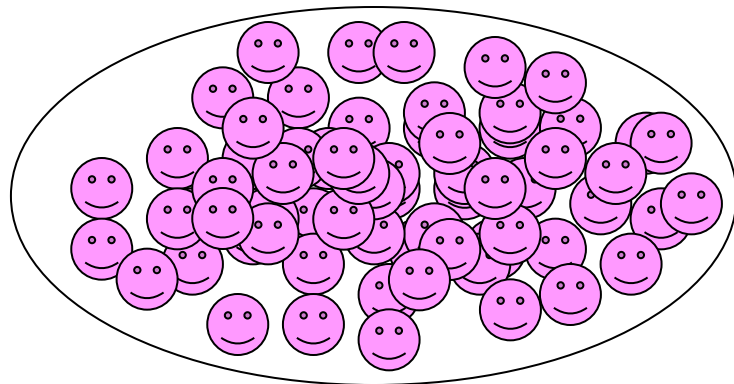


All intervals are based on the same  $n$  but different  $\hat{p}$

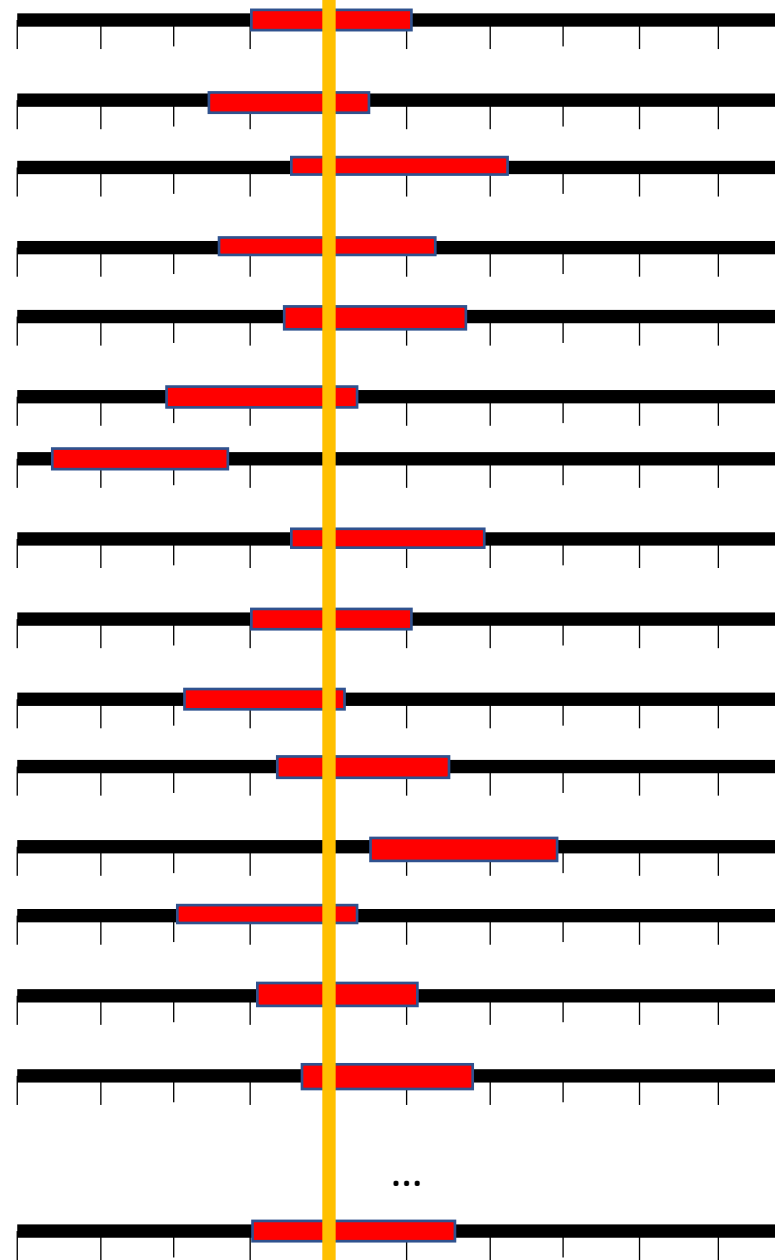
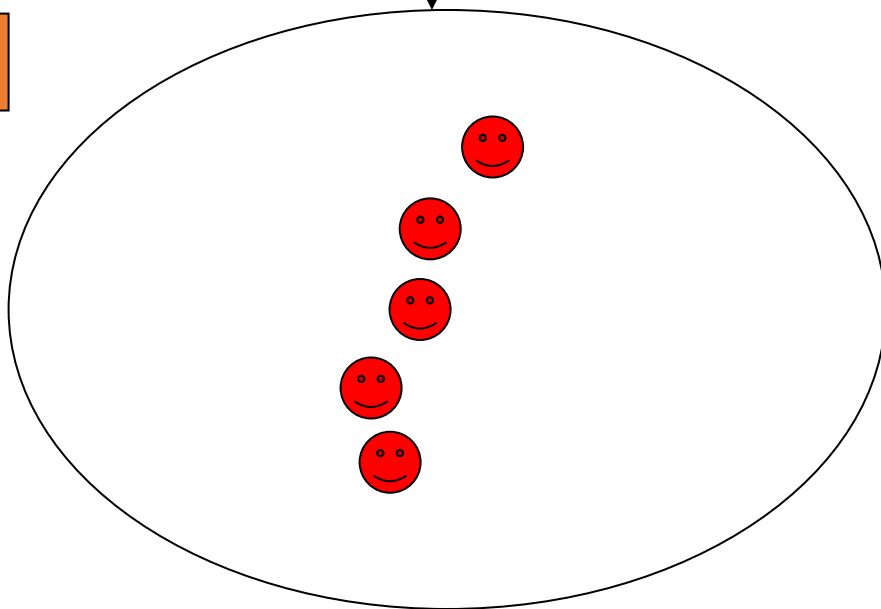
Sample



Population  
 $p = 0.4$

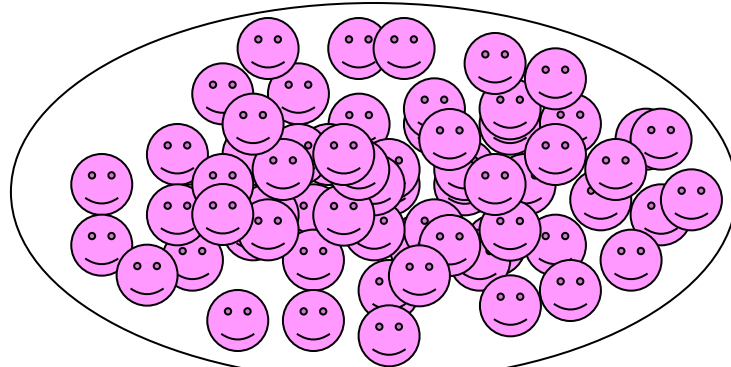


Sample



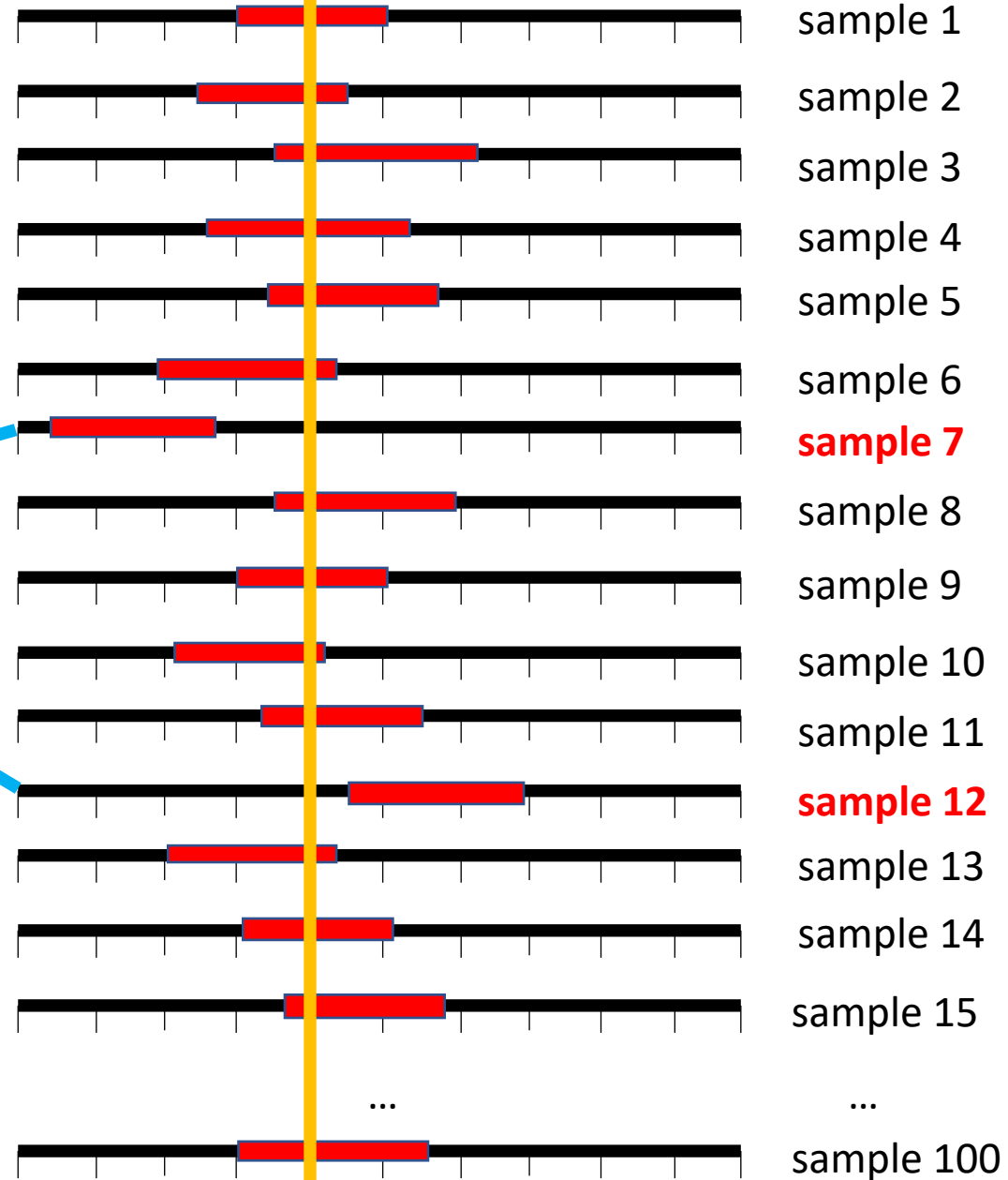
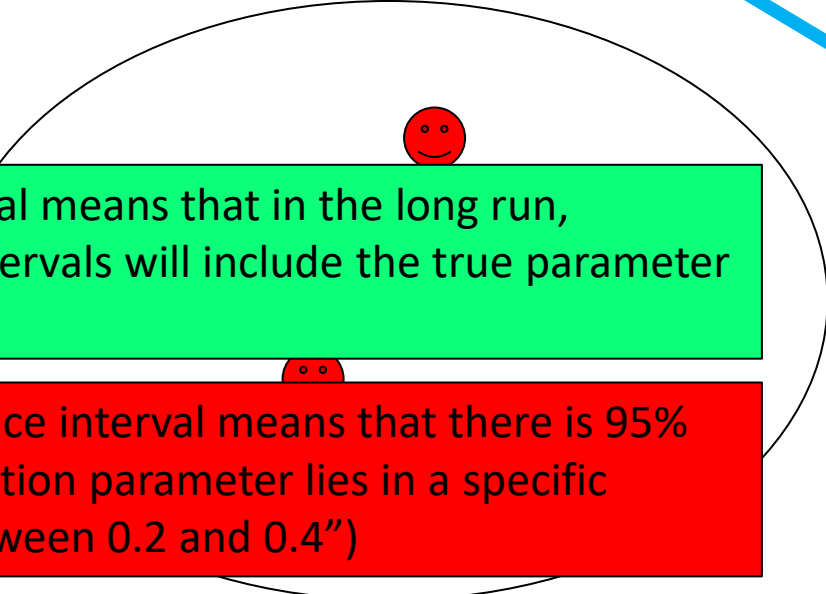
sample 1  
sample 2  
sample 3  
sample 4  
sample 5  
sample 6  
**sample 7**  
sample 8  
sample 9  
sample 10  
sample 11  
**sample 12**  
sample 13  
sample 14  
sample 15  
...  
sample 100

Population  
 $p = 0.4$



This will happen for 5% of the intervals, i.e., 5 times (for the 100 confidence intervals)

Sample



# Summary

A confidence interval gives an interval of believable values for the population parameter.

Most often, a 95% confidence interval is used.

The 95% interval for a proportion is constructed in such a way that if you take a sample of  $n$  people over and over again, for 95% of these samples the interval

$\hat{p} \pm 1.96 \sqrt{\frac{\hat{p}(1-\hat{p})}{n}}$  contains  $p$  (the true proportion in the population)

The confidence interval can be used to make inferences about the population. For example, if 0.5 is not part of the interval, then we consider it believable that the proportion in the population *differs* from 0.5.

Leo constructed a confidence interval for the proportion of people who prefer cats over dogs. He uses the following formula:

$$\hat{p} \pm 1.28 \sqrt{\frac{\hat{p}(1-\hat{p})}{n}}$$

What is the margin of error?

- a)  $\sqrt{\frac{\hat{p}(1-\hat{p})}{n}}$
- b)  $1.28 \sqrt{\frac{\hat{p}(1-\hat{p})}{n}}$

What is the percentage confidence for this interval?

- a) 95% confidence interval
- b) 90% confidence interval
- c) 80% confidence interval


Leo is constructing a confidence interval for the proportion of people who prefer cats over dogs. He chooses a confidence level that corresponds with a z-value of 1.28.

What is the margin of error?

- a)  $\sqrt{\frac{\hat{p}(1-\hat{p})}{n}}$
- b)  $1.28 \sqrt{\frac{\hat{p}(1-\hat{p})}{n}}$
- c)  $\hat{p} \pm 1.28 \sqrt{\frac{\hat{p}(1-\hat{p})}{n}}$

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What is the margin of error?


a)  $\sqrt{\frac{\hat{p}(1-\hat{p})}{n}}$   This is the standard error

b)  $1.28 \sqrt{\frac{\hat{p}(1-\hat{p})}{n}}$

c)  $\hat{p} \pm 1.28 \sqrt{\frac{\hat{p}(1-\hat{p})}{n}}$

Leo is constructing a confidence interval for the proportion of people who prefer cats over dogs. He chooses a confidence level that corresponds with a z-value of 1.28.

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c)  $\hat{p} \pm 1.28 \sqrt{\frac{\hat{p}(1-\hat{p})}{n}}$

What is the percentage confidence for this interval?

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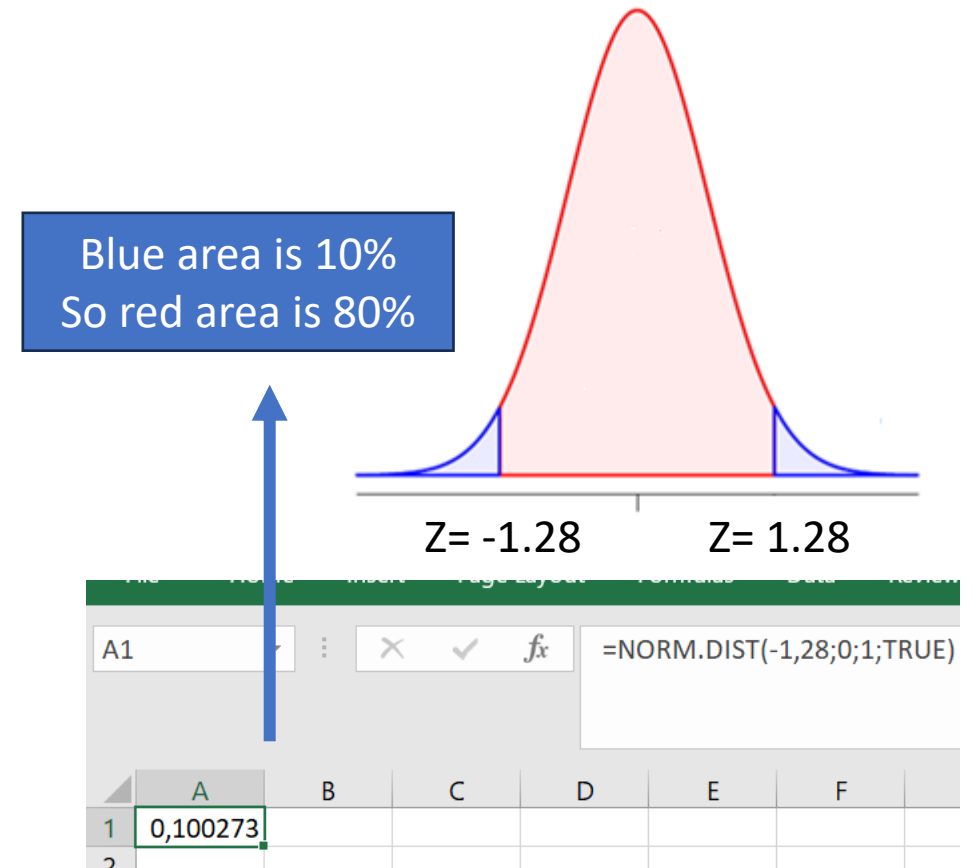
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What is the margin of error?

- a)  $\sqrt{\frac{\hat{p}(1-\hat{p})}{n}}$   This is the standard error
- b)  $1.28 \sqrt{\frac{\hat{p}(1-\hat{p})}{n}}$
- c)  $\hat{p} \pm 1.28 \sqrt{\frac{\hat{p}(1-\hat{p})}{n}}$

What is the percentage confidence for this interval?

- a) 95% confidence interval
- b) 90% confidence interval
- c) 80% confidence interval



# Another example exam question

The minister of health wants to know what proportion of students is addicted to their smartphones. To this end, a study is conducted. The researchers draw a random sample of 500 students and find 30 students to be addicted.

What is the 95% confidence interval for the proportion  $p$  of addicted students in the population

- A)  $\hat{p} \pm 0.01$
- B)  $\hat{p} \pm 0.02$
- C)  $\hat{p} \pm 0.03$

# Another example exam question

Explanation:

$$\hat{p} = \frac{30}{500} = 0.06$$

For the 95% confidence interval, we use  $z = 1.96$

So:  $\hat{p} \pm 1.96(\text{se})$

$$\text{se} = \sqrt{\frac{\hat{p}(1-\hat{p})}{n}} = \sqrt{\frac{0.06*0.94}{500}} = \sqrt{\frac{0.0564}{500}} = 0.011$$

$$1.96(\text{se}) = 1.96*0.011=0.02$$

# Another example exam question

The minister of health wants to know what proportion of students is addicted to their smartphones. To this end, a study is conducted. The researchers draw a random sample of 500 students and find 30 students to be addicted.

What is the 95% confidence interval for the proportion  $p$  of addicted students in the population

A)  $\hat{p} \pm 0.01$

B)  $\hat{p} \pm 0.02$

C)  $\hat{p} \pm 0.03$

# Example of question in the book

- 8.19 (p.425): Which z-score is used in a (a) 90%, (b) 98%, (c) 99.9% confidence interval for a population proportion?
- For an explanation of how to solve this exercise using excel, see next slides.

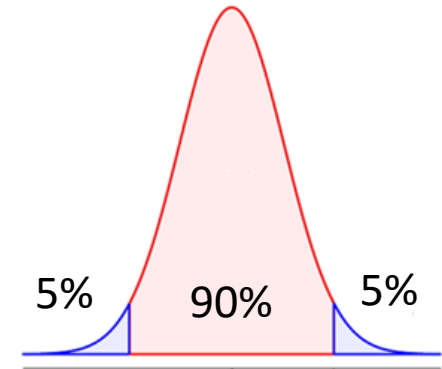
# Explanation of answer to exercise 8.19

(a) It helps to draw the distribution.

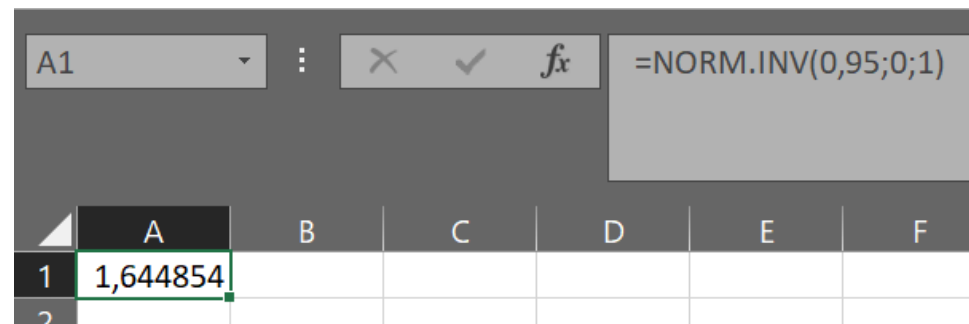
To get the red area to be 90 %, you want each blue tail to be 5%.

For a 90% confidence interval you need to find the z-value that has a lower tail of 95%. After all, in that case there will be 5% in the upper tail (the extreme tail).

So, we use `NORM.INV(0,95;0;1)` to get the positive z-value



Inserting this in Excel gives a Z-value of 1.64



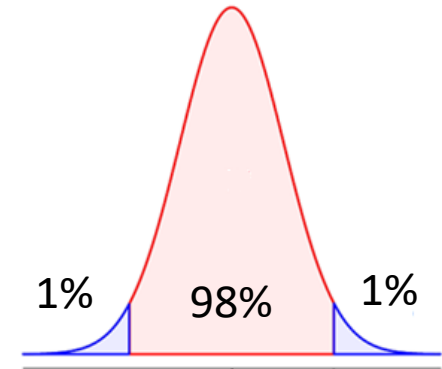
# Explanation of answer to exercise 8.19

(b) It helps to draw the distribution

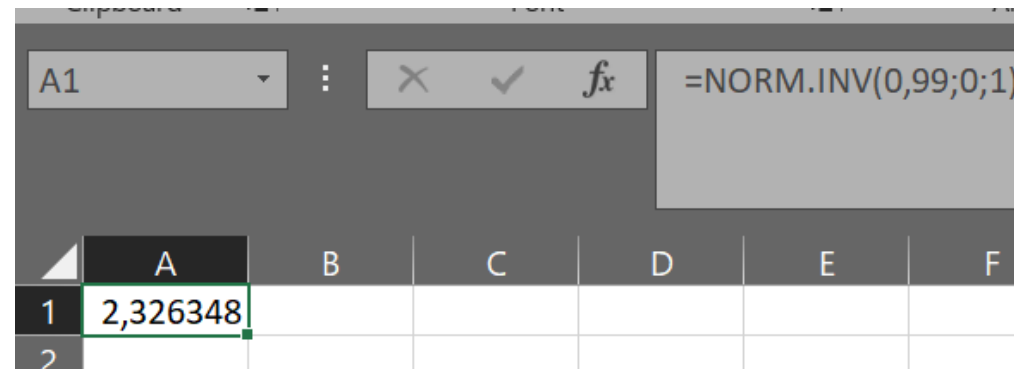
To get the red area to be 98 %, you want each blue tail to be 1%.

For a 98% confidence interval you need to find the z-value that has a lower tail of 99%. After all, in that case there will be 1% in the upper tail (the extreme tail).

So, we use `NORM.INV(0,99;0;1)` to get the positive z-value



Inserting this in Excel gives a Z-value of 2.33



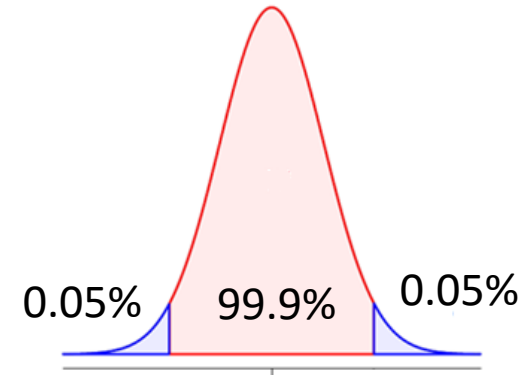
# Explanation of answer to exercise 8.19

(c) It helps to draw the distribution

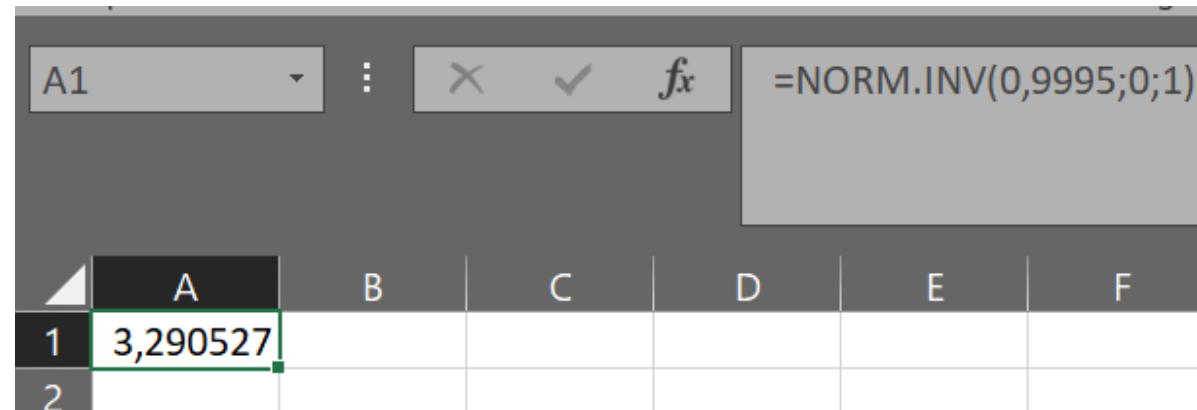
To get the red area to be 99.9%, you want each blue tail to be 0.05%.

For a 98% confidence interval you need to find the z-value that has a lower tail of 99.95%. After all, in that case there will be 0.05% in the upper tail (the extreme tail).

So, we use `NORM.INV(0,9995;0;1)` to get the positive z-value



Inserting this in Excel gives a Z-value of 3.29



# Practice with excercises!

- Some excercises to focus on: 8.2, 8.3, 8.4, 8.14, 8.16, 8.17, 8.19,8.23, 8.25, 8.26, 8.30, 8.31, 8.33
- Note that this list is not exhaustive: other excercises not in this list also help practice for the exam, so the more the better!
- Also work through the examples (e.g., example 3 in 8.2)
- In doubt about how to get to the correct answer to an excercise? You can post questions on the discussion board.
- On the discussion board you can help each other! We will also check the discussion board to help out. (but not every day, so don't start posting one day before the exam!)