

**REGULATIONS FOR THE DEGREE OF
MASTER OF STATISTICS
(MStat)**

These regulations apply to students admitted in the academic year 2009-2010 and thereafter.

(See also General Regulations)

Any publication based on work approved for a higher degree should contain a reference to the effect that the work was submitted to the University of Hong Kong for the award of the degree.

Admission requirements

- MS 1. To be eligible for admission to the courses leading to the degree of Master of Statistics a candidate
- (a) shall comply with the General Regulations;
 - (b) shall hold
 - (i) a Bachelor's degree with honours of this University, or
 - (ii) another qualification of equivalent standard from this University or another University or comparable institution acceptable for this purpose; and
 - (c) shall pass a qualifying examination if so required.
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Length of curriculum

- MS 2. (a) The curriculum of the programme shall extend over not less than two academic years for part-time study and over not less than one academic year for full-time study. Candidates shall not be permitted to complete the curriculum in more than three academic years for part-time study, and two academic years for full-time study, except with the approval of the Faculty Board.
- (b) A candidate with appropriate qualification and professional experiences may, on production of appropriate certification of having satisfactorily completed any of the two compulsory courses as specified in the syllabuses, be exempted from those courses and be replaced by other elective courses in the curriculum when he/she is admitted to this programme, subject to the approval of the Head of Department.
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Award of degree

- MS 3. To be eligible for the award of the degree of Master of Statistics, a candidate shall
- (a) comply with the General Regulations; and
 - (b) successfully complete the curriculum in accordance with the regulations set out below.
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Completion of curriculum

- MS 4. To successfully complete the curriculum, a candidate shall follow courses of instruction and shall satisfy the examiners in the prescribed courses and in any prescribed form of examination in accordance with the regulations set out below.
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Examinations

- MS 5. (a) In any course where so prescribed in the syllabus, coursework or a project report may constitute part or whole of the examination for the course.
- (b) Except where otherwise stated, the assessment weight assigned to coursework will be 25% of the total marks.

MS 6. If during any academic year a candidate has failed at his/her first attempt in a course or courses, but is not required to discontinue his/her studies by Regulation MS 8, the candidate may be permitted to present himself/herself

- (a) for re-examination in the failed course or courses before the next academic year, resulting in no more than a pass grade under this provision; or
 - (b) for repeating the curriculum and re-examination in the failed course or courses in the next academic year; or
 - (c) for enrolment and examination in substitute courses of equal number of credits of the failed course or courses, noting that under this provision a course that is designated as compulsory cannot be substituted.
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MS 7. Failure to undertake the examination of a paper as scheduled shall normally result in automatic failure in that paper. A candidate who, because of illness, is unable to be present for one or more papers in any written examination may apply for permission to present himself/herself at a special examination for the paper(s) in question before the next academic year begins. Any such application shall be made on the form prescribed within two weeks of the day of the examination of the paper in question. A special examination authorized under these circumstances shall not be subject to Regulation MS 6(a).

MS 8. A candidate who

- (a) during any academic year has failed in half or more than half the number of credits of all the courses to be examined in that academic year, or
- (b) has failed at a repeated attempt in any course

may be required to discontinue his/her studies.

Examination results

MS 9. At the conclusion of all the examinations, a pass list of candidates who have successfully completed all the degree requirements shall be published. A candidate who has shown exceptional merit at the whole examination may be awarded a mark of distinction, and this mark shall be recorded in the candidate's degree diploma.

SYLLABUS FOR THE DEGREE OF MASTER OF STATISTICS

The Department of Statistics and Actuarial Science offers a postgraduate programme leading to the degree of Master of Statistics, with two study modes: the one year full-time mode and the two years part-time mode. The programme is designed to provide graduates with training in the principles and practice of statistics. Candidates should have knowledge of matrices and calculus.

The programme offers great flexibilities for students who wish to take a general approach or a specialized theme in Risk Management or Statistical Informatics. A student may choose to have his/her theme printed on the transcript if he/she has satisfied one of the theme requirements.

STRUCTURE AND EVALUATION

Each student must complete at least 48 credits (i.e. 8 courses). All courses offered are on a semester basis. If a student selects an MStat course whose contents are similar to a course (or courses) which he/she has taken in his/her previous study, the Department may not approve the selection in question.

Curriculum for full-time study

The period of study extending over one year full-time commencing September.

<p><i>Risk Management theme</i> Requires eight courses, at least four from the following courses:</p> <p>STAT6013 Financial data analysis STAT8003 Time series forecasting STAT8007 Statistical methods in economics and finance STAT8014 Risk analysis STAT8017 Data mining techniques</p> <p>The remaining courses can be selected from other MStat courses</p>	<p><i>Statistical Informatics theme</i> Requires eight courses, at least four from the following courses:</p> <p>STAT6011 Computational statistics STAT7005 Multivariate methods STAT7006 Survey research methods STAT7007 Categorical data analysis STAT8017 Data mining techniques</p> <p>The remaining courses can be selected from other MStat courses</p>
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Curriculum for part-time study

The period of study extends over two years part-time commencing September. Among the 48 credits of courses, students should take the two compulsory courses STAT7003 and STAT7004. Only under exceptional academic circumstances can the compulsory course STAT7003 or STAT7004 be replaced by an elective course.

<p><i>Risk Management theme</i> Requires eight courses:</p> <p>Two compulsory courses STAT7003 Foundation of Statistics STAT7004 Linear Modeling</p> <p>plus at least four courses from STAT6013 Financial data analysis STAT8003 Time series forecasting STAT8007 Statistical methods in economics and finance STAT8014 Risk analysis STAT8017 Data mining techniques</p> <p>The remaining courses can be selected from other MStat courses</p>	<p><i>Statistical Informatics theme</i> Requires eight courses:</p> <p>Two compulsory courses STAT7003 Foundation of Statistics STAT7004 Linear Modeling</p> <p>plus at least four courses from STAT6011 Computational statistics STAT7005 Multivariate methods STAT7006 Survey research methods STAT7007 Categorical data analysis STAT8017 Data mining techniques</p> <p>The remaining courses can be selected from other MStat courses</p>
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Compulsory courses for part-time study

STAT7003 Foundations of statistics (6 credits)

Motivated by real problems involving uncertainty and variability, this course introduces the basic concepts and principles of statistical inference and decision-making. Ideas developed will include probability modelling, statistical distributions; parametric classes; the likelihood principle; maximum likelihood estimation; likelihood ratio tests; hypotheses testing. (Only under exceptional academic circumstances can this compulsory course be replaced by an elective course.)

Assessment: One 3-hour written examination; 25% coursework and 75% examination

STAT7004 Linear modelling (6 credits)

Much of the analysis of variability is concerned with locating the sources of the variability, and many current statistical techniques investigate these sources through the use of 'linear' models. This course presents a unified theory of such statistical problems including regression; variance and covariance analyses; design of experiments; and their practical implementation with statistical packages. (Only under exceptional academic circumstances can this compulsory course be replaced by an elective course.)

Assessment: One 3-hour written examination; 25% coursework and 75% examination

Elective courses for full-time and for part-time study**STAT6006 Stochastic calculus with financial applications (6 credits)**

This course is an advanced course on the option pricing theory. The course covers Black-Scholes equation and stochastic calculus, and interest models. Contents include: Brownian motion; introduction to stochastic calculus; arithmetic and geometric Brownian motion; Ito formula; Sharpe ratio and risk premium; Black-Scholes equation; risk-neutral stock-price process and option pricing; option's elasticity and volatility; Vasicek, Cox-Ingersoll-Ross, and Black-Derman-Toy models; delta-hedging for bonds and the Sharpe-ratio equality constraint; Black's model; options on zero-coupon bonds; interest-rate caps and caplets.

Assessment: One 3-hour written examination; 25% coursework and 75% examination

STAT6008 Statistical inference (6 credits)

This course covers the advanced theory of point estimation, interval estimation and hypothesis testing. Using a mathematically-oriented approach, the course provides a solid and rigorous treatment of inferential problems, statistical methodologies and the underlying concepts and theory. It is suitable in particular for students intending to further their studies or to develop a career in statistical research. Contents include: (1) Paradigms of inference: frequentist and Bayesian; (2) Decision theory: loss function; risk; decision rule; admissibility; minimaxity; unbiasedness; Bayes' rule; (3) Estimation theory: exponential families; likelihood; sufficiency; minimal sufficiency; ancillarity; completeness; UMVU estimators; information inequality; large-sample theory of maximum likelihood estimation; (4) Hypothesis testing: uniformly most powerful test; monotone likelihood ratio; unbiasedness; UMP unbiased test; maximal invariants; most powerful invariant test; large-sample theory of likelihood ratio; (5) Nonparametric methods: theory of ranks; order statistics; non-parametric tests.

Assessment: One 2-hour written examination; 25% coursework and 75% examination

STAT6009 Research methods in statistics (6 credits)

This course introduces some statistical concepts and methods which potential graduate students will find useful in preparing for work on a research degree in statistics. Focus is on applications of state-of-the-art statistical techniques and their underlying theory. Contents include: (1) Basic asymptotic methods: modes of convergence; stochastic orders; laws of large numbers; central limit theorems; delta method; Edgeworth expansions; saddlepoint approximations; (2) Parametric and nonparametric likelihood methods: high-order approximations; profile likelihood and its variants; signed likelihood ratio statistics; empirical likelihood; (3) Nonparametric statistical inference: sign and rank tests; Kolmogorov-Smirnov test; nonparametric regression; density estimation; kernel methods; (4) Robust methods: measures of robustness; M-estimator; L-estimator; R-estimator; estimating functions; (5) Computationally-intensive methods: cross-validation; bootstrap; permutation methods; (6) Bayesian methods: Bayesian inference; hierarchical models; empirical Bayes; (7) Sequential analysis: sequential probability ratio test; sequential estimation; (8) Model selection using information criteria; (9) Other topics as determined by the instructor.

Assessment: One 2-hour written examination; 25% coursework and 75% examination

STAT6010 Advanced probability (6 credits)

This course provides an introduction to measure theory and probability. The course will focus on some basic concepts in theoretical probability which are essential for students to read research papers in actuarial science, probability and statistics. Contents include: σ -algebra, measurable space, measure and probability, measure space and probability space, measurable functions, random variables, integration theory, monotone convergence theorem, Fatou's lemma, dominated convergence theorem, characteristic functions, convergence of random variables, weak convergence, probabilistic inequalities, L^p - and Hilbert spaces, conditional expectations, martingales and applications.

Assessment: One 2-hour written examination; 50% coursework and 50% examination

STAT6011 Computational statistics (6 credits)

This course aims to give postgraduate students in statistics a background in modern computationally intensive methods in statistics. It emphasizes the role of computation as a fundamental tool of discovery in data analysis, of statistical inference, and for development of statistical theory and methods. Contents include: Numerical optimization and integration, EM algorithm and its variants, Simulation and Monte Carlo integration, Importance sampling and variance reduction techniques, Markov chain Monte Carlo methods, and Bootstrap methods.

Assessment: One 2-hour written examination; 50% coursework and 50% examination

STAT6013 Financial data analysis (6 credits)

This course focuses on understanding financial data and methods by which they are analyzed and interpreted. It aims at enhancing the students' analytical skills of developing statistical models for analysing financial data. Techniques are motivated by examples and developed in the context of applications. Students will learn how to process financial data for purposes of financial analysis, estimation and testing of financial models and to understand better crucial aspects of financial market movements. Contents include: Modelling non-normal return; financial time series models including ARCH models and generalisation; forecasting volatility and correlation; extreme-value theory; estimation of value at risk and expected tail loss; backtesting and stress testing.

Assessment: One 2-hour written examination; 40% coursework and 60% examination

STAT7005 Multivariate methods (6 credits)

In many disciplines the basic data on an experimental unit consist of a vector of possibly correlated measurements. Examples include the chemical composition of a rock; the results of clinical observations and tests on a patient; the household expenditures on different commodities. Through the challenge of problems in a number of fields of application, this course considers appropriate statistical models for explaining the patterns of variability of such multivariate data. Topics include: multiple, partial and canonical correlation; multivariate regression; tests on means and covariances; multivariate ANOVA; principal components analysis; factor analysis; discriminant analysis and classification; cluster analysis; multidimensional scaling.

Assessment: One 3-hour written examination; 40% coursework and 60% examination

STAT7006 Survey research methods (6 credits)

Inferring the characteristics of a population from those observed in a selection or sample from that population is a situation often forced on us for economic, ethical or technological reasons. Against the background of practical situations, this course considers the basic principles, practice and design of sampling techniques to produce objective answers free from bias. Emphasis will be on current and local problems.

Assessment: One 3-hour written examination; 25% coursework and 75% examination

STAT7007 Categorical data analysis (6 credits)

Many social and medical studies, especially those involving questionnaires, contain large amounts of categorical data. Examples of categorical data include presence or absence of disease (yes / no), mode of transportation (bus, taxi, railway), attitude toward an issue (strongly disagree, disagree, agree, strongly agree). This course focuses on analyzing categorical response data with emphasis on hands-on training of analyzing real data using statistical software such as SAS. Consulting experience may be presented in the form of case studies. Topics include: classical treatments of 2 and 3-way contingency tables, measures of association and nonparametric methods; generalized linear models, logistic regression for binary, multinomial and ordinal data, loglinear models, Poisson regression; Modelling repeated measurements; generalized estimating equations.

Assessment: One 3-hour written examination; 50% coursework and 50% examination

STAT8002 Project (6 credits)

A project in any branch of statistics or probability will be chosen, through consultation between students and lecturers. A substantial written report is required. This must be submitted by April 30 of the academic year. (A detailed proposal will be required, which should not be overlapped with the other courses. Availability of this course is subject to approval.)

Assessment: 75% written report and 25% oral presentation

STAT8003 Time series forecasting (6 credits)

A time series consists of a set of observations on a random variable taken over time. Such series arise naturally in climatology, economics, finance, environmental research and many other disciplines. In addition to statistical modelling, the course deals with the prediction of future behaviour of these time series. This course distinguishes different types of time series, investigates various representations for them and studies the relative merits of different forecasting procedures.

Assessment: One 3-hour written examination; 40% coursework and 60% examination

STAT8005 Selected topics in statistics (6 credits)

The purpose of this course is to broaden the students' knowledge of statistics by studying three to four contemporary topics motivated by applications of statistics. These topics will build on the theory and methods covered in the core courses. Approximately an equal amount of time will be spent on each topic. The topics offered each year depend on student interests and staff availability. After completing the course, students will acquire knowledge and skills of some advanced statistical techniques for solving real life problems. Topics may be selected from: statistical genetics, portfolio selection, credibility risk, market segmentation, statistics in sports, bootstrap methods, Bayesian methods, structural equation modelling, nonlinear regression.

Assessment: One 3-hour written examination; 30% coursework and 70% examination

STAT8007 Statistical methods in economics and finance (6 credits)

This course provides a comprehensive introduction to state-of-the-art statistical techniques in economics and finance, with emphasis on their applications to time series and panel data sets in economics and finance. Topics include: regression with autocorrelated errors, modelling returns and volatility; instrumental variables and two stage least squares; panel time series models; unit root tests, co-integration, error correction models.

Prerequisite: STAT8003 (or equivalent)

Assessment: One 3-hour written examination; 25% coursework and 75% examination

STAT8014 Risk analysis (6 credits)

“Risk” is a familiar subject to the people of Hong Kong. Hong Kong has many weathered crises. In the financial sector, the subject called value-at-risk or VaR is highly relevant. Financial risk is certainly not the only phenomenon that Hong Kong people have experienced. We have problems such as geohazards and environmental hazards (e.g. red tides, air pollution and water pollution). It is well recognized that many crisis events exhibit similar features and are amenable to statistical analysis and modelling. Some of the usual statistical techniques in risk analysis are Monte Carlo simulation and extreme value analysis. This course aims to look at these approaches to some detail and apply them to some real data sets.

Assessment: One 3-hour written examination; 40% coursework and 60% examination

STAT8015 Actuarial statistics (6 credits)

The main focus of this module will be on financial mathematics of compound interest with an introduction to life contingencies and statistical theory of risk. Topics include simple and compound interest, annuities certain, yield rates, survival models and life tables, population studies, life annuities, assurances and premiums, reserves, joint life and last survivor statuses, multiple decrement tables, expenses, individual and collective risk theory.

Assessment: One 3-hour written examination; 25% coursework and 75% examination

STAT8016 Biostatistics (6 credits)

Statistical methodologies and applications in fields of medicine, clinical research, epidemiology, biology and biomedical research are considered.

The types of statistical problems encountered will be motivated by experimental data sets. Important topics include design and analysis of randomized clinical trials, group sequential designs and crossover trials; survival studies; diagnosis; statistical analysis of the medical process.

Assessment: One 3-hour written examination; 25% coursework and 75% examination

STAT8017 Data mining techniques (6 credits)

With the rapid developments in computer and data storage technologies, the fundamental paradigms of classical data analysis are mature for change. Data mining techniques aim at helping people to work smarter by revealing underlying structure and relationships in large amounts of data. This course takes a practical approach to introduce the new generation of statistical data mining techniques and show how to use them to make better decisions. Topics include data preparation, association rules, trees and rules for classification and regression, cluster analysis, classical statistical models and non-linear models such as neural networks.

Assessment: 100% coursework