ETC5510: Introduction to Data Analysis Week 9, part A

Networks and Graphs

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Announcements

- Assignment 2: due 20th May at 5pm
- Project deadlines:
 - Milestone 2 (20th May) : Finalised team/team members, a paragraph about what you're going to do and links to your data sources.
 - **Milestone 3 (27th May)** : Upload data, and Rmd file, and html describing your data, the cleaning you've done and what's left.

Network analysis

A description of phone calls

- Johnny --> Liz
- Liz --> Anna
- Johnny -- > Dan
- Dan --> Liz
- Dan --> Lucy

As a graph



And as an association matrix

##	Johnny	Dan	Liz	Lucy	Anna
## Johnny	0	1	1	0	0
## Dan	0	0	1	1	0
## Liz	0	0	0	0	1
## Lucy	0	0	0	0	0
## Anna	0	0	0	0	0

Why care about these relationships?

- **Telephone exchanges**: Nodes are the phone numbers. Edges would indicate a call was made betwen two numbers.
- **Book or movie plots**: Nodes are the characters. Edges would indicate whether they appear together in a scene, or chapter. If they speak to each other, various ways we might measure the association.
- Social media: nodes would be the people who post on facebook, including comments. Edges would measure who comments on who's posts.

Drawing these relationships out:

One way to describe these relationships is to provide association matrix between many objects.



(Image created by Sam Tyner.)

Example: Madmen



Source: wikicommons

Generate a network view

- Create a layout (in 2D) which places nodes which are most related close,
- Plot the nodes as points, connect the appropriate lines
- Overlaying other aspects, e.g. gender

introducing madmen data

glimpse(madmen)

List of 2

\$ edges :'data.frame': 39 obs. of 2 variables: ## ..\$ Name1: Factor w/ 9 levels "Betty Draper",..: 1 1 2 2 2 2 2 2 2 2 2 ... ## ..\$ Name2: Factor w/ 39 levels "Abe Drexler",..: 15 31 2 4 5 6 8 9 11 21 ... ## \$ vertices:'data.frame': 45 obs. of 2 variables: ## ..\$ label : Factor w/ 45 levels "Abe Drexler",..: 5 9 16 23 26 32 33 38 39 17 ... ## ..\$ Gender: Factor w/ 2 levels "female", "male": 1 2 2 1 2 1 2 2 2 ...

Nodes and edges?

Network data can be thought of as two related tables, **nodes** and **edges**:

- **nodes** are connection points
- edges are the connections between points

Example: Mad Men. (Nodes = characters from the series)

madmen_nodes

##	# A tibble: 45 x 2	2
##	label	gender
##	<chr></chr>	<chr></chr>
##	1 Betty Draper	female
##	2 Don Draper	male
##	3 Harry Crane	male
##	4 Joan Holloway	female
##	5 Lane Pryce	male
##	6 Peggy Olson	female
##	7 Pete Campbell	male
##	8 Roger Sterling	male
##	9 Sal Romano	male
##	10 Henry Francis	male
##	# with 35 more n	rows

Example: Mad Men. (Edges = how they are associated)

madmen_edges

##	# /	A tik	oble: 39) x 2
##		Name	e1	Name2
##		<chi< td=""><td>r></td><td><chr></chr></td></chi<>	r>	<chr></chr>
##	1	Beta	ty Drape	er Henry Francis
##	2	Beta	ty Drape	er Random guy
##	3	Don	Draper	Allison
##	4	Don	Draper	Bethany Van Nuys
##	5	Don	Draper	Betty Draper
##	6	Don	Draper	Bobbie Barrett
##	7	Don	Draper	Candace
##	8	Don	Draper	Doris
##	9	Don	Draper	Faye Miller
##	10	Don	Draper	Joy
##	# .	wi	th 29 mc	ore rows

Let's get the madmen data into the right shape

madmen_edges %>%										
I	<pre>rename(from_id = Name1, to_id = Name2)</pre>									
##	# /	A tik	oble: 39 >	< 2						
##		from	m_id	to_id						
##		<chi< th=""><th>~></th><th><chr></chr></th></chi<>	~>	<chr></chr>						
##	1	Beta	ty Draper	Henry Francis						
##	2	Beta	ty Draper	Random guy						
##	3	Don	Draper	Allison						
##	4	Don	Draper	Bethany Van Nuys						
##	5	Don	Draper	Betty Draper						
##	6	Don	Draper	Bobbie Barrett						
##	7	Don	Draper	Candace						
##	8	Don	Draper	Doris						
##	9	Don	Draper	Faye Miller						
##	10	Don	Draper	Joy						
##	# .	. wit	th 29 more	e rows						

Let's get the madmen data into the right shape

madmen_net

##	# /	A tik	DD-	le: /5 >	K 3	
##		from	n_ :	id	to_id	gender
##		<chi< td=""><td>r></td><td></td><td><chr></chr></td><td><chr></chr></td></chi<>	r>		<chr></chr>	<chr></chr>
##	1	Beta	ty	Draper	Henry Francis	female
##	2	Beta	ty	Draper	Random guy	female
##	3	Don	Dı	raper	Allison	male
##	4	Don	Dı	raper	Bethany Van Nuys	male
##	5	Don	Dı	raper	Betty Draper	male
##	6	Don	Dı	raper	Bobbie Barrett	male
##	7	Don	Dı	raper	Candace	male
##	8	Don	Dı	raper	Doris	male
##	9	Don	Dı	raper	Faye Miller	male
##	10	Don	Dı	raper	Joy	male
##	# .	wi	th	65 more	e rows	

Full join?

full_join(x, y)



Plotting the data





How to plot: specify the layout algorithm







```
set.seed(5556677)
ggplot(data = madmen_net,
       aes(from_id = from_id,
           to_id = to_id) +
  geom_net(aes(colour = gender),
           layout.alg = "kamadak
           directed = FALSE,
           labelon = TRUE,
           fontsize = 3,
           size = 2,
           vjust = -0.6,
           ecolour = "grey60",
           ealpha = 0.5)
```

```
set.seed(5556677)
ggplot(data = madmen_net,
       aes(from_id = from_id,
           to_id = to_id) +
  geom_net(aes(colour = gender),
           layout.alg = "kamadak
           directed = FALSE,
           labelon = TRUE,
           fontsize = 3,
           size = 2,
           vjust = -0.6,
           ecolour = "grey60",
           ealpha = 0.5) +
    scale_colour_manual(values =
    lims(x = c(-0.05, 1.05)) +
    theme_net() +
    theme(legend.position = "bot
```



gender 📏 female 🔪 male

Which character was most connected?

```
madmen_edges %>%
  pivot_longer(cols = c(Name1, Name2),
               names_to = "List",
               values_to = "Name")
## # A tibble: 78 x 2
##
    list Name
   <chr> <chr>
##
##
   1 Name1 Betty Draper
   2 Name2 Henry Francis
##
##
   3 Name1 Betty Draper
##
    4 Name2 Random guy
##
    5 Name1 Don Draper
##
    6 Name2 Allison
   7 Name1 Don Draper
##
##
   8 Name2 Bethany Van Nuys
##
    9 Name1 Don Draper
  10 Name2 Betty Draper
##
## # ... with 68 more rows
```

Which character was most connected?

```
madmen_edges %>%
 pivot_longer(cols = c(Name1, Name2),
             names_to = "List",
             values_to = "Name") %>%
 count(Name, sort = TRUE)
## # A tibble: 45 x 2
##
  Name
                    n
## <chr> <int>
##
  1 Don Draper 14
   2 Roger Sterling 6
##
               5
##
  3 Peggy Olson
##
  4 Pete Campbell 4
## 5 Betty Draper
                     3
                     3
##
  6 Joan Holloway
##
  7 Lane Pryce
                     3
##
   8 Harry Crane
                     2
##
   9 Sal Romano
                     2
## 10 Abe Drexler
                      1
## # ... with 35 more rows
```

Example: American college football

Early American football outfits were like Australian AFL today!



Source: wikicommons

Example: American college football

Fall 2000 Season of **Division I college football**.

- Nodes are the teams, edges are the matches.
- Teams are broken into "conferences" which are the primary competition, but they can play outside this group.

American college football data

Edges:

football\$edges

##		from	
##	1	BrighamYoung	Flo
##	2	Iowa	Ki
##	3	BrighamYoung	
##	4	NewMexico	
##	5	KansasState	
##	6	Iowa	
##	7	PennState	Southern
##	8	SouthernCalifornia	Ar
##	9	ArizonaState	Sanl
##	10	BrighamYoung	Sanl
##	11	NewMexico	Sanl
##	12	TexasTech	
##	13	Baylor	1
##	14	TexasTech	1
##	15	KansasState	
##	16	NorthernIllinois	No

Nodes:

foo	football\$vertices								
##									
##	BrighamYoung	Brigha							
##	FloridaState	Florida							
##	Iowa								
##	KansasState	Kansa							
##	NewMexico	Newl							
##	TexasTech	Texa							
##	PennState	Peni							
##	SouthernCalifornia	SouthernCali							
##	ArizonaState	Arizona							
##	SanDiegoState	SanDieg							
##	Baylor	1							
##	NorthTexas	Norti							
##	NorthernIllinois	NorthernIl.							
##	Northwestern	Northwe							

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American college football: joining the data

```
# data step: merge vertices and edges
```

```
ftnet <- full_join(
  football$edges, football$vertices,
  by = c("from" = "label")
) %>%
```

```
mutate(schools = if_else(value == "Independents", from, ""))
```

ftnet

##		from	to	same.conf	value
##	1	BrighamYoung	FloridaState	Θ	Mountain West
##	2	Iowa	KansasState	Θ	Big Ten
##	3	BrighamYoung	NewMexico	1	Mountain West
##	4	NewMexico	TexasTech	Θ	Mountain West
##	5	KansasState	TexasTech	1	Big Twelve
##	6	Iowa	PennState	1	Big Ten
##	7	PennState	SouthernCalifornia	Θ	Big Ten
##	8	SouthernCalifornia	ArizonaState	1	Pacific Ten
##	9	ArizonaState	SanDiegoState	Θ	Pacific Ten
##	10	BrighamYoung	SanDiegoState	1	Mountain West
##	11	NewMexico	SanDiegoState	1	Mountain West

Example: American college football

```
ggplot(data = ftnet,
       aes(from_id = from, to_id = to)) +
  geom_net(
    aes(colour = value,
        group = value,
        linetype = factor(1-same.conf),
        label = schools),
    linewidth = 0.5,
    size = 5,
    v_{just} = -0.75,
    alpha = 0.3,
    layout.alg = 'fruchtermanreingold'
  ) +
  theme_net() +
  theme(legend.position = "bottom") +
  scale_colour_brewer("Conference", palette = "Paired")
```



What do we learn?

- Remember layout is done to place nodes that are more similar close together in the display.
- The colours indicate conference the team belongs too. For the most part, conferences are clustered, more similar to each other than other conferences.
- There are some clusters of conference groups, eg Mid-American, Big East, and Atlantic Coast
- The Independents are independent
- Some teams play far afield from their conference.

Example: Harry Potter characters



Source: wikicommons

Example: Harry Potter characters

There is a connection between two students if one provides emotional support to the other at some point in the book.

• Code to pull the data together is provided by Sam Tyner here.

Harry potter data as nodes and edges

hp_all

 $## # A + ibbla \cdot 720 \times 6$

###	## # A LIDDIE. 720 X 0									
##	book	from_id	to_id	schoolyear	gender	house				
##	<chr></chr>	<chr></chr>	<chr></chr>	<dbl></dbl>	<chr></chr>	<chr></chr>				
##	1 1	Dean Thomas	Harry James Potter	1991	М	Gryffindor				
##	2 1	Dean Thomas	Hermione Granger	1991	М	Gryffindor				
##	3 1	Dean Thomas	Neville Longbottom	1991	М	Gryffindor				
##	4 1	Dean Thomas	Ronald Weasley	1991	М	Gryffindor				
##	5 1	Dean Thomas	Seamus Finnigan	1991	М	Gryffindor				
##	6 1	Fred Weasley	George Weasley	1989	М	Gryffindor				
##	7 1	Fred Weasley	Harry James Potter	1989	М	Gryffindor				
##	8 1	George Weasley	Fred Weasley	1989	М	Gryffindor				
##	9 1	George Weasley	Harry James Potter	1989	М	Gryffindor				
##	10 1	Harry James Potter	Dean Thomas	1991	М	Gryffindor				
##	# with	710 more rows								

Let's plot the characters

```
ggplot(data = hp_all,
       aes(from_id = from_id,
           to_id = to_id) +
  geom_net(aes(colour = house, group = house, shape = gender),
           fiteach=T.
           directed = T,
           size = 3,
           linewidth = .5,
           ealpha = .5
           labelon = T,
           fontsize = 3,
           repel = T,
           labelcolour = "black",
           \operatorname{arrowsize} = .5,
           singletons = FALSE) +
  scale_colour_manual(values = c("#941B08", "#F1F31C", "#071A80", "#154C07")) +
  facet_wrap(~book, labeller = "label_both", ncol=3) +
  theme_net() +
  theme(panel.background = element_rect(colour = 'black'),
        legend.position="bottom")
```

Let's plot the characters



Your turn: lab exercise

- Read in last semesters class data, which contains
 s1_name and s2_name are the first names of class members, and tutors, with the latter being the "go-to" person for the former.
- Write the code to produce a class network that looks something like below



Summary

- To make a network analysis, you need:
 - an association matrix, that describes how nodes (vertices) are connected to each other
 - a layout algorithm to place the nodes optimally so that the fewest edges cross, or that the nodes that are most closely associated are near to each other.

Previous association matrices were black and white:



- You could have the association between nodes described as real numbers.
- E.g., these are the number of times that these people called each other in the last week:

	Meg	Тау	Yat	Zili	Jess
Meg	0	5	4	1	1
Тау	5	0	4	2	1
Yat	4	4	0	0	0
Zili	1	2	0	0	6
Jess	1	1	0	6	0

We would need to turn this into an edge data set:

##	# A tibb.	le: 25 x	3
##	from	to c	ount
##	<chr></chr>	<chr> <</chr>	dbl>
##	1 Meg	Meg	0
##	2 Tay	Meg	5
##	3 Yat	Meg	4
##	4 Zili	Meg	1
##	5 Jess	Meg	1
##	6 Meg	Tay	5
##	7 Tay	Tay	0
##	8 Yat	Tay	4
##	9 Zili	Tay	2
##	10 Jess	Тау	1
##	# with	15 more	rows

- We need to decide what corresponds to a "connection".
- Let's say they need to have called each other at least 4 times, to be considered connected.

```
d_edges_filter <- d_edges %>% filter(count > 3)
d_edges_filter
## # A tibble: 8 x 3
## from to count
## <chr> <chr> <dbl>
## 1 Tay Meg
                 5
## 2 Yat Meg 4
## 3 Meg Tay 5
## 4 Yat Tay
                 4
## 5 Meg Yat
                 4
## 6 Tay Yat
                 4
## 7 Jess Zili
                 6
## 8 Zili Jess
                 6
```

Association matrices: Make the network diagram.

```
library(geomnet)
set.seed(2019-10-09)
gqplot(data = d_edges_filter,
       aes(
         from_id = from,
         to_id = to)) +
  geom_net(
    layout.alg = "kamadakawai",
    size = 2,
    labelon = TRUE,
    vjust = -0.6,
    ecolour = "grey60",
    directed =FALSE,
    fontsize = 3,
    ealpha = 0.5
    ) +
    theme_net()
```

Association matrices: Make the network diagram.





Data: Last 2018, 4 months of currency USD cross-rates

SO let's try this with cross-currency rates across the globe!

- Data extracted from http://openexchangerates.org/api/historical
- R packages jsonlite, processed with tidyverse, lubridate

Data: Last 4 months of currency USD cross-rates

A tibble: 6 x 171

##		date	AED	AFN	ALL	AMD	ANG	AOA	ARS	AUD	AWG	AZN	BAM
##		<date></date>	<dbl></dbl>	<dbl></dbl>	<dbl></dbl>	<dbl></dbl>	<dbl></dbl>	<dbl></dbl>	<dbl></dbl>	<dbl></dbl>	<dbl></dbl>	<dbl></dbl>	<dbl></dbl>
##	1	2018-05-14	3.67	71.2	106.	485.	1.79	230.	25.0	1.33	1.79	1.70	1.63
##	2	2018-05-15	3.67	71.2	107.	485.	1.80	230.	24.1	1.34	1.79	1.70	1.64
##	3	2018-05-16	3.67	71.0	108.	484.	1.80	232.	24.3	1.33	1.79	1.70	1.66
##	4	2018-05-17	3.67	71.0	108.	483.	1.80	233.	24.3	1.33	1.79	1.70	1.66
##	5	2018-05-18	3.67	71.0	108.	483.	1.80	233.	24.4	1.33	1.79	1.70	1.66
##	6	2018-05-19	3.67	70.9	108.	482.	1.79	233.	24.4	1.33	1.79	1.70	1.66
##	#	with 159	more	/ariabl	es: Bl	BD <db< td=""><td>l>, BD7</td><td>T <dbl;< td=""><td>>, BGN</td><td><dbl>,</dbl></td><td>, BHD <</td><td><dbl>,</dbl></td><td></td></dbl;<></td></db<>	l>, BD7	T <dbl;< td=""><td>>, BGN</td><td><dbl>,</dbl></td><td>, BHD <</td><td><dbl>,</dbl></td><td></td></dbl;<>	>, BGN	<dbl>,</dbl>	, BHD <	<dbl>,</dbl>	
##	#	BIF <dbl></dbl>	>, BMD	<dbl>,</dbl>	BND ·	<dbl>,</dbl>	BOB <c< td=""><td>dbl>, l</td><td>BRL <db< td=""><td>ol>, BS</td><td>SD <db1< td=""><td>l>,</td><td></td></db1<></td></db<></td></c<>	dbl>, l	BRL <db< td=""><td>ol>, BS</td><td>SD <db1< td=""><td>l>,</td><td></td></db1<></td></db<>	ol>, BS	SD <db1< td=""><td>l>,</td><td></td></db1<>	l>,	
##	#	BTC <dbl></dbl>	>, BTN	<dbl>,</dbl>	BWP	<dbl>,</dbl>	BYN <c< td=""><td>dbl>, l</td><td>BZD <db< td=""><td>ol>, CA</td><td>AD <db1< td=""><td>l>,</td><td></td></db1<></td></db<></td></c<>	dbl>, l	BZD <db< td=""><td>ol>, CA</td><td>AD <db1< td=""><td>l>,</td><td></td></db1<></td></db<>	ol>, CA	AD <db1< td=""><td>l>,</td><td></td></db1<>	l>,	
##	#	CDF <dbl></dbl>	>, CHF	<dbl>,</dbl>	CLF	<dbl>,</dbl>	CLP <d< td=""><td>dbl>, (</td><td>CNH <db< td=""><td>ol>, CN</td><td>VY <db1< td=""><td>1>,</td><td></td></db1<></td></db<></td></d<>	dbl>, (CNH <db< td=""><td>ol>, CN</td><td>VY <db1< td=""><td>1>,</td><td></td></db1<></td></db<>	ol>, CN	VY <db1< td=""><td>1>,</td><td></td></db1<>	1>,	
##	#	COP <dbl></dbl>	>, CRC	<dbl>,</dbl>	CUC ·	<dbl>,</dbl>	CUP <c< td=""><td>dbl>, (</td><td>CVE <db< td=""><td>ol>, CZ</td><td>ZK <db1< td=""><td>1>,</td><td></td></db1<></td></db<></td></c<>	dbl>, (CVE <db< td=""><td>ol>, CZ</td><td>ZK <db1< td=""><td>1>,</td><td></td></db1<></td></db<>	ol>, CZ	ZK <db1< td=""><td>1>,</td><td></td></db1<>	1>,	
##	#	DJF <dbl></dbl>	>, DKK	<dbl>,</dbl>	DOP ·	<dbl>,</dbl>	DZD <0	dbl>, I	EGP <db< td=""><td>ol>, EF</td><td>RN <db1< td=""><td>1>,</td><td></td></db1<></td></db<>	ol>, EF	RN <db1< td=""><td>1>,</td><td></td></db1<>	1>,	
##	#	ETB <dbl></dbl>	>, EUR	<dbl>,</dbl>	FJD ·	<dbl>,</dbl>	FKP <c< td=""><td>dbl>, (</td><td>GBP <db< td=""><td>ol>, GE</td><td>EL <db1< td=""><td>1>,</td><td></td></db1<></td></db<></td></c<>	dbl>, (GBP <db< td=""><td>ol>, GE</td><td>EL <db1< td=""><td>1>,</td><td></td></db1<></td></db<>	ol>, GE	EL <db1< td=""><td>1>,</td><td></td></db1<>	1>,	
##	#	GGP <dbl></dbl>	>, GHS	<dbl>,</dbl>	GIP ·	<dbl>,</dbl>	GMD <c< td=""><td>dbl>, (</td><td>GNF <db< td=""><td>ol>, GT</td><td>TQ <db1< td=""><td>1>,</td><td></td></db1<></td></db<></td></c<>	dbl>, (GNF <db< td=""><td>ol>, GT</td><td>TQ <db1< td=""><td>1>,</td><td></td></db1<></td></db<>	ol>, GT	TQ <db1< td=""><td>1>,</td><td></td></db1<>	1>,	
##	#	GYD <dbl></dbl>	⊳, HKD	<dbl>,</dbl>	HNL ·	<dbl>,</dbl>	HRK <a< td=""><td>dbl>, I</td><td>HTG <db< td=""><td>ol>, HU</td><td>JF <db1< td=""><td>1>,</td><td></td></db1<></td></db<></td></a<>	dbl>, I	HTG <db< td=""><td>ol>, HU</td><td>JF <db1< td=""><td>1>,</td><td></td></db1<></td></db<>	ol>, HU	JF <db1< td=""><td>1>,</td><td></td></db1<>	1>,	
##	#	IDR <dbl></dbl>	>, ILS	<dbl>,</dbl>	IMP ·	<dbl>,</dbl>	INR <	dbl>, 1	IQD <db< td=""><td>ol>, IF</td><td>RR <db1< td=""><td>l>,</td><td></td></db1<></td></db<>	ol>, IF	RR <db1< td=""><td>l>,</td><td></td></db1<>	l>,	
##	#	ISK <dbl></dbl>	, JEP	<dbl>,</dbl>	JMD ·	<dbl>.</dbl>	JOD <0	dbl>. 、	JPY <db< td=""><td>ol>. KE</td><td>ES <db]< td=""><td>1>.</td><td></td></db]<></td></db<>	ol>. KE	ES <db]< td=""><td>1>.</td><td></td></db]<>	1>.	

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Data: Last 4 months of currency USD cross-rates



Your turn: Rstudio

Make some plots (or google) to answer these questions

- Is the NZD more similar to AUD, EUR, or JPY? (What currency is NZD?)
- Is SGD more similar to AUD, EUR, or JPY? (What currency is SGD?)
- How many currencies are there in the British Isles?



Pre-processing: Keep currencies that change

- Some currencies don't change very much.
- These should be filtered from the analysis, because in a study of currency movement, if it doesn't move then there is nothing more to be said.

Pre-processing: Keep currencies that change

 To filter out these currencies we use a statistic called <u>coefficient of</u> <u>variation</u>:

$$CoefVariation = \frac{\sigma}{\mu}$$

- Measures standard deviation of currency relative to the mean.
- For high means, we expect a currency to change more.
- That is, relatively the standard deviation would be larger to consider it to be changing.

Computing CV

Stratgey pivot to long form then group and summarize currency values

```
# Compute coefficient of variation. We will only analyse
# currencies that have changes substantially over this time.
cv <- function(x){
   sd(x)/mean(x)
}
rates_cv <- rates %>%
   pivot_longer(cols = -date, names_to = "currency") %>%
   group_by(currency) %>%
   summarise(cv = cv(value))
```

Distrubtion of CV values



Filter out currencies if they have CVs below the first quantile

rates_stable <- rates_cv %>%
filter(cv < quantile(cv, 0.25))</pre>

Filter out low cv currencies using pivot and an anti join

```
rates_sub <- rates %>%
 pivot_longer(cols = -date, names_to = "currency") %>%
 anti_join(rates_stable)
rates_sub
## # A tibble: 14,732 x 3
## date currency value
## <date> <chr> <dbl>
  1 2018-05-14 AFN 71.2
##
   2 2018-05-14 ALL 106.
##
##
   3 2018-05-14 ANG 1.79
##
   4 2018-05-14 AOA 230.
##
   5 2018-05-14 ARS 25.0
##
   6 2018-05-14 AUD 1.33
##
  7 2018-05-14 BAM
                 1.63
##
  8 2018-05-14 BDT
                 84.7
##
   9 2018-05-14 BGN 1.64
  10 2018-05-14 BIF 1767.
##
## # ... with 14,722 more rows
```

Remove currencies that are not currencies

Some of the currencies ... aren't really currencies. Google these ones: XAG, XDR, XPT - what are they?

Remove currencies that are not currencies

Remove non-currencies

rates_dropped <- rates_sub %>%
filter(!currency %in% c("ALL", "XAG", "XDR", "XPT"))

XAG is Gold XPT is Platinum XDR is special drawing rights

Standardize the currencies

To examine overall trend regardless of actual USD cross rate, standardise the values to have mean 0 and standard deviation 1.

```
scale01 <- function(x) (x - mean(x)) / sd(x)</pre>
```

Rescale all values to have standardised values

Use group_by() plus mutate()!

rates_scaled <- rates_dropped %>%
group_by(currency) %>%
mutate(value = scale01(value))

Standardize the currencies



Compute distances between all pairs of currencies

Euclidean distance is used to compute similarity between all pairs of currencies.

$$d_{ij} = \sqrt{\sum_{i=1}^{t} (C_{1i} - C_{2i})^2}$$

Compute distances between all pairs of currencies

We need to put our data back in wide form! And then turn it into a matrix.

```
rates_wide <- rates_scaled %>%
    pivot_wider(id_cols = "date", names_from = "currency") %>%
    select(-date)
```

```
# compute distance between currencies, rows <--> columns
rates_wide_t <- t(rates_wide)</pre>
```

Use built in function to compute distance

currency_dist <- as.matrix(dist(rates_wide_t,</pre>

diag = TRUE, upper = TRUE))

currency_dist[1:5, 1:5]

##AFNANGAOAARSAUD##AFN0.000008.0445277.3159398.0141657.970993##ANG8.0445270.0000005.6283219.6011017.277124##AOA7.3159395.6283210.0000005.7608945.299254##ARS8.0141659.6011015.7608940.0000005.983452##AUD7.9709937.2771245.2992545.9834520.000000

A note on distance matrices:

- A distance matrix is the inverse of an association matrix.
- A distance matrix close to 0 means the pair are most similar.
- For an association matrix far from zero means the pair are close.
- Either can be used to generate a network.

Create network: Pivot data into long form, filter based on similarity

Here only the pairs of currencies who are closer than "4" to each other are kept.

Create network: Gather data into long form, filter based on similarity

Here only the pairs of currencies who are closer than "4" to each other are kept.

distance_tbl

##	# A tibbl	le: 266 x 3		
##	from_c	currency to_currency	distance	
##	<chr></chr>	<chr></chr>	<dbl></dbl>	
##	1 ANG	CNH	2.98	
##	2 ANG	CNY	3.24	
##	3 ANG	IRR	3.73	
##	4 ANG	TJS	3.60	
##	5 ANG	VND	3.42	
##	6 A0A	JMD	3.66	
##	7 AOA	KZT	2.11	
##	8 A0A	LAK	3.55	
##	9 AOA	ММК	2.19	
##	10 AOA	MYR	2.17	
##	# with	256 more rows		

Network laid out

```
# Make network
library(geomnet)
set.seed(10052016)
ggplot(data = distance_tbl,
       aes(
         from_id = from_currency
         to_id = to_currency
         )) +
  geom_net(
    layout.alg = "kamadakawai",
    size = 2,
    labelon = TRUE,
    vjust = -0.6,
    ecolour = "grey60",
    directed = FALSE,
    fontsize = 3,
    ealpha = 0.5
    ) +
    theme_net() +
    theme(
```



That's it!

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