

student	GPA (y)	ACT (x)	y-avg(y)	x-avg(x)	(y-avg(y))*(x-avg(x))	(x-avg(x))^2	estimated y	residual
n	sum(y)	sum(x)			sum	sum		

avg(y)	avg(x)

beta_0	beta_1	estimated

f(x) = NaN + NaN

**G
P
A**



◆ observations

student	GPA (y)	ACT (x)

vector y

matrix X	

X'								

X'X	

Hint for Windows: Expand to the size of the matrix & Press F2, the
 Hint for Mac: Expand to the size of the matrix & press CONTROL+l

(X'X)^(-1)	

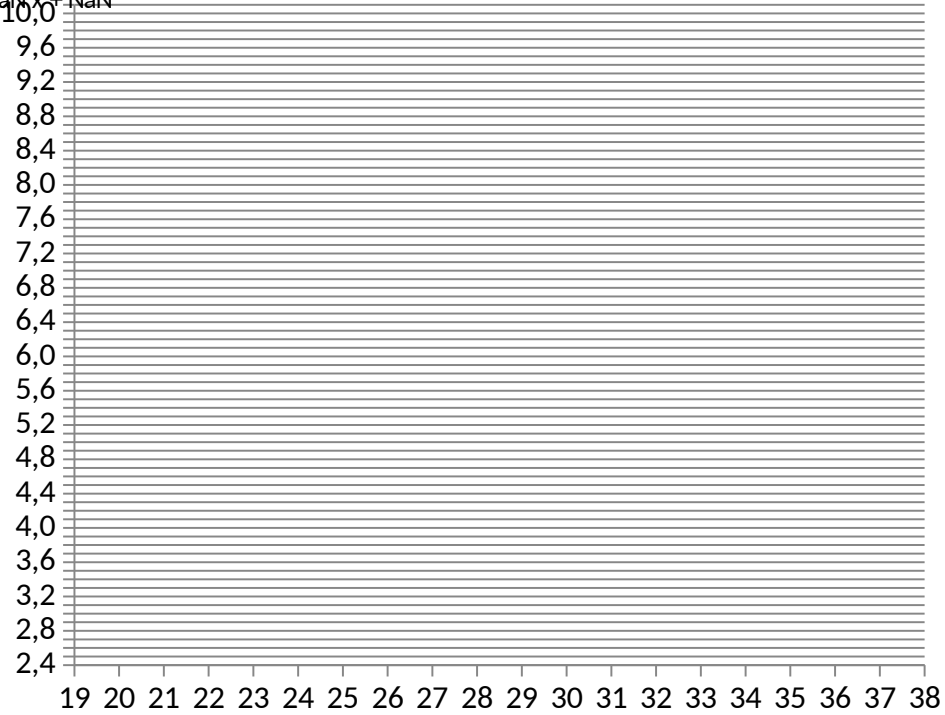
Hint for Windows: Expand to the size of the matrix & Press F2, the
 Hint for Mac: Expand to the size of the matrix & press CONTROL+l

X'y

	estim.
beta_0	
beta_1	

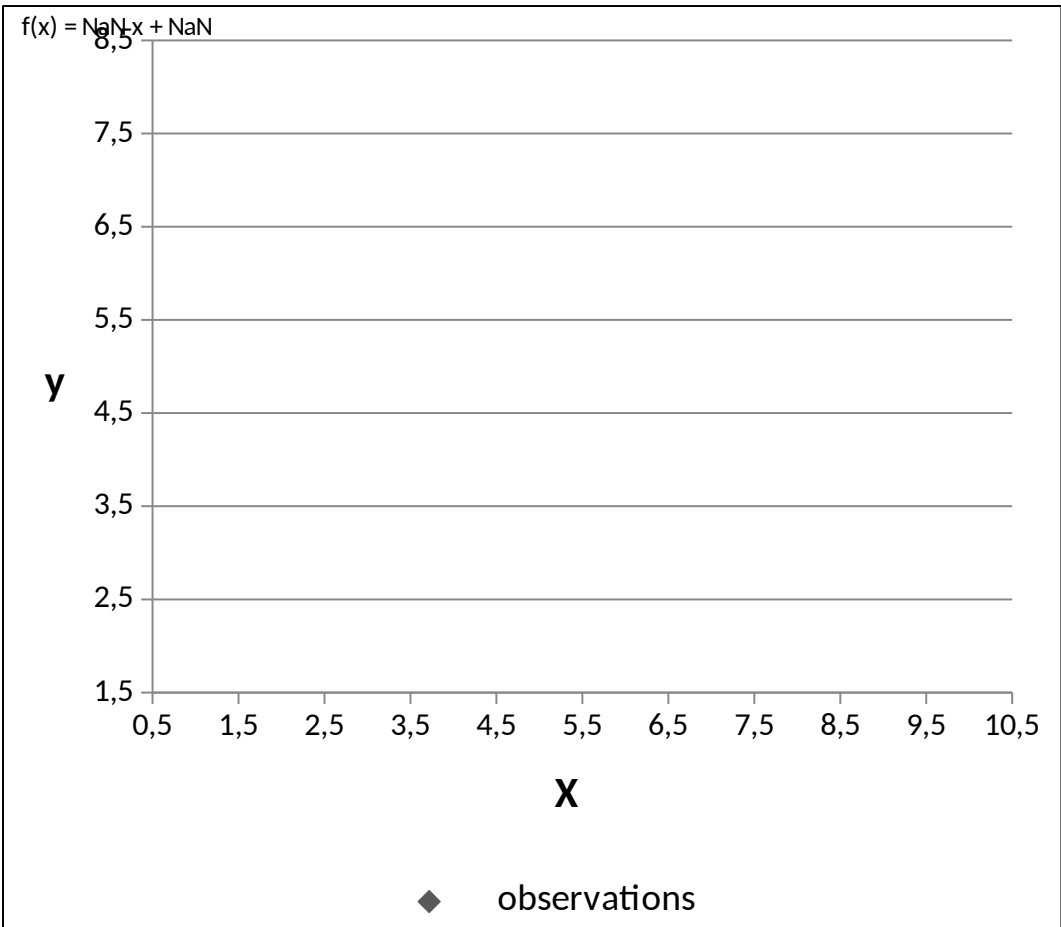
f(x) = NaN, NaN

**G
P
A**



ACT

◆ observations



y	x
2	1
6	4
3	2
8	5
5	3
4	4

vector y

matrix X	

X'					

X'X	

(X'X)^(-1)	

estimated y	true model y

X'y

	estim.	true
beta_0		0
beta_1		1,5

residual	disturbance

