Linear regression

Y = b0 + b1 \*x1

Y = dependent variable

x1 = independent variable

b1 = coefficient

Think of this as a multiplier- it can or cannot strongly influence the x independent variable

b0 = Constant

In an example = how much do you get paid based on experience.

Salary = y

Experience = X1

b0 = The constant- This is the point where X = 0. What does someone make when they have 0 experience.

b1 = The slope of the line

Ordinary least squares

You have the actual value vs the modesl expected value. Sometimes the actual value is higher or lower than the predicted model value.

The best fitting line is determined by taking the sum of least squares.

SUM ( y – y^)2 -> min

It finds the smallest of these squared values