Linear Regression

AMJ

X(Week)	Y(Sales in thousands)
1	1.2
2	1.8
3	2.6
4	3.2
5	3.8

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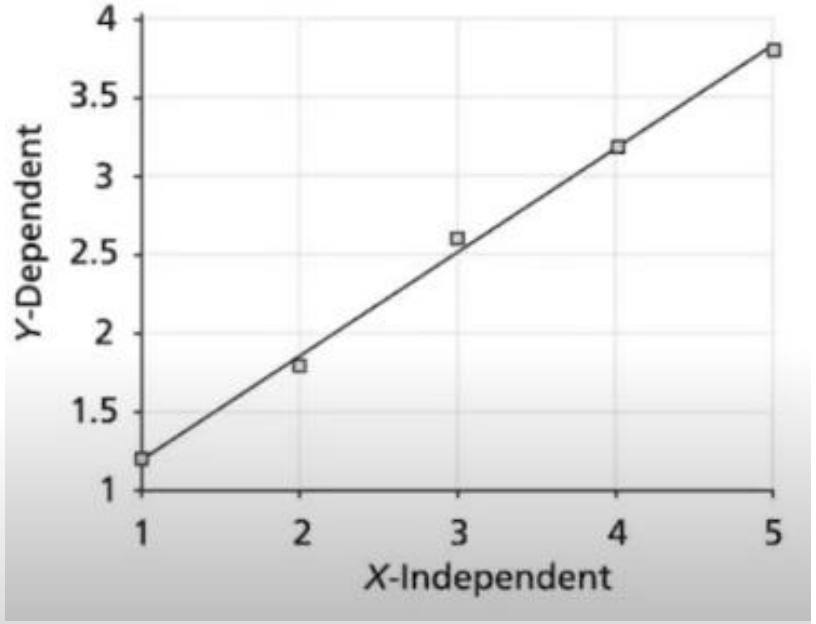
- *where*
- $a_1 = \frac{(\overline{xy}) - (\bar{x})(\bar{y})}{\overline{x^2} - \bar{x}^2}$
- $a_0 = \bar{y} - a_1 * \bar{x}$

	x_i (Week)	y_j (Sales in Thousands)	x_i^2	$x_i * y_j$
	1	1.2	1	1.2
	2	1.8	4	3.6
	3	2.6	9	7.8
	4	3.2	16	12.8
	5	3.8	25	19
Sum	15	12.6	55	44.4
Average	$\bar{x} = 3$	$\bar{y} = 2.52$	$\overline{x^2} = 11$	$\overline{xy} = 8.88$

- $\overline{x} = 3$ $\overline{y} = 2.52$ $\overline{x^2} = 11$ $\overline{xy} = 8.88$

- $a_1 = \frac{(\overline{xy})-(\bar{x})(\bar{y})}{\overline{x^2}-\bar{x}^2} = \frac{8.88-3*2.52}{11-3^2} = 0.66$
- $a_0 = \bar{y} - a_1 * \bar{x} = 2.52 - 0.66 * 3 = 0.54$
- **Regression equation is**
- $y = a_0 + a_1 * x$
- $y = 0.54 + 0.66 * x$



- **Regression equation is**
- $y = a_0 + a_1 * x$
- $y = 0.54 + 0.66 * x$
- The predicted 7th week sale (when x = 7) is,
- **y = 0.54 + 0.66 x 7 = 5.16**
- the predicted 12th week sale (when x = 12) is,
- **y = 0.54 + 0.66 x 12 = 8.46**