HW2

October 2020

Problem 2

1 (a)

Answers: The equality of error variance means that as the number of predictors increases, the scatter of the residuals doesn't change.

2 (b)

Answers: We are going to find a regression line such that the line minimize $e_1^2 + e_2^2 + e_3^2 + ... + e_n^2 = \sum_{i=1}^{N} e_i^2$ where e_i's are the residuals.

3 (c)

Answers: Conceptually, $\hat{Y}$ is a linear function of X, when we talk about a relationship between residuals and $\hat{Y}$, we are actually talking about the relationship between residuals and X in different scale and position. Mathematically, suppose $r = b_1\hat{Y} + b_0$ and $\hat{Y} = a_1 X + a_0$, then $r = b_1 a_1 X + b_1 a_0 + b_0$.

4 (d)

Answers: Sum of square of total $= \sum_{i=1}^{N}(Y_i - \bar{Y})^2 = \sum_{i=1}^{N}(Y_i - \hat{Y}_i + \hat{Y}_i - \bar{Y})^2$
$= \sum_{i=1}^{N}(Y_i - \hat{Y}_i)^2 + \sum_{i=1}^{N}(\hat{Y}_i - \bar{Y})^2 + \sum_{i=1}^{N} 2(Y_i - \hat{Y}_i)(\hat{Y}_i - \bar{Y})$
$= SSE + SSR + \sum_{i=1}^{N} 2e_i(\hat{Y}_i - \bar{Y})$
Since $\sum_{i=1}^{N} e_i = 0$, therefore Sum of square of total $= SSE + SSR$

5 (e)

Answers: SSE $= \sum_{i=1}^{N}(Y_i - \hat{Y}_i)^2 = \sum_{i=1}^{N}(Y_i - b_1 - b_0 X_i)^2$. We want to find b_1 and b_0 such that SSE is minimized. Let's take the derivative with respect to

b_1 and b_0 for SSE.

Then we get $\frac{\partial SSE}{\partial b_1} = \sum_{i=1}^{N} -2(Y_i - b_1 - b_0 X_i)$ and $\frac{\partial SSE}{\partial b_0} = \sum_{i=1}^{N} -2(Y_i - b_1 - b_0 X_i)X_i$.

In order to minimize SSE, we set the first derivatives of SSE to 0. $\sum_{i=1}^{N} -2(Y_i - b_1 - b_0 X_i) = 0$ and $\sum_{i=1}^{N} -2(Y_i - b_1 - b_0 X_i)X_i = 0$.

For b_1 we got $\sum_{i=1}^{N} b_1 = \sum_{i=1}^{N} Y_i - \sum_{i=1}^{N} b_0 X_i$

$N b_1 = N \bar{Y} - N \bar{X} b_0$

$b_1 = \bar{Y} - \bar{X} b_0$ then we plug this b_1 into $\frac{\partial SSE}{\partial b_0}$, we got $\sum_{i=1}^{N} -2(Y_i - \bar{Y} + \bar{X} b_0 - b_0 X_i)X_i = 0$

$\sum_{i=1}^{N} (Y_i - \bar{Y} + \bar{X} b_0 - b_0 X_i) = 0$

$b_0 \sum_{i=1}^{N} (\bar{X} - X_i) = \sum_{i=1}^{N} (\bar{Y} - Y_i)$

$b_0 = \dfrac{\sum_{i=1}^{N} (\bar{Y} - Y_i)}{\sum_{i=1}^{N} (\bar{X} - X_i)}$

$= \dfrac{\frac{\sum_{i=1}^{N}(X_i - \bar{X})*(Y_i - \bar{Y})}{N-1}}{\frac{\sum_{i=1}^{N}(X_i - \bar{X})^2}{N-1}}$

$= \dfrac{S_{XY}}{S_X^2}$

Problem 3

(a) **Answers:** Conceptually, corvariance can only give the growing trend of two scores. According to the corvariance, we can just say that the two scores are positive related, while we cannot conclude the strength between two scores. Mathematically, $S_{XY} = \frac{\sum_{i=1}^{N}(X_i - \bar{X})*(Y_i - \bar{Y})}{N-1}$, according to the formula, we cannot see any information about standard deviation of each scores. If S_{XY} is great and $S_X \gg S_Y$, we still cannot say the two scores have strong relation.

(b) **Answers:** $r_{XY} = \frac{\sum_{i=1}^{N}(X_i - \bar{X})*(Y_i - \bar{Y})}{S_X * S_Y * N - 1}$. From the formula, we see that the coefficient of correlation takes the standard deviation of each scores into consideration by dividing the product of standard deviation of each score for the covariance.