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Step-by-Step Lasso Regression Model - Canada Per Capita Income

Step 1: Prepare the Data

```
X = df[['year']]  
y = df['income']
```

Step 2: Train/Test Split

```
from sklearn.model_selection import train_test_split  
  
X_train, X_test, y_train, y_test = train_test_split(  
    X, y, test_size=0.2, random_state=42  
)
```

Step 3: Fit Lasso Regression Model

```
from sklearn.linear_model import Lasso  
  
lasso_model = Lasso(alpha=1.0)  
lasso_model.fit(X_train, y_train)
```

Step 4: Make Predictions

```
y_pred = lasso_model.predict(X_test)
```

Step 5: Evaluate

```
from sklearn.metrics import mean_squared_error, r2_score  
  
mse = mean_squared_error(y_test, y_pred)  
r2 = r2_score(y_test, y_pred)  
  
print("MSE:", mse)  
print("R2 Score:", r2)
```

Step 6: Visualize

```
import matplotlib.pyplot as plt  
  
plt.scatter(X, y, color='blue', label='Actual Data')  
plt.plot(X_test, y_pred, color='purple', linewidth=2, label='Lasso Regression Line')
```

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```
plt.xlabel('Year')

plt.ylabel('Income')

plt.title('Lasso Regression - Per Capita Income')

plt.legend()

plt.grid(True)

plt.tight_layout()

plt.show()
```

Evaluation Output

Mean Squared Error: 15,147,929.51

R² Score: 0.875