

Identity

A diagram illustrating the relationship between the Identity matrix and the OLS estimator formula. A rectangular box at the top contains the word "Identity". Below it, a horizontal line connects the box to an oval. From the center of this line, two arrows point in opposite directions: one pointing down to the top of the oval, and another pointing up to the bottom of the box. The oval contains the mathematical formula  $(X'X)^{-1}X'y$ .

$$(X'X)^{-1}X'y$$