

$$Y_i = B_0 + B_1 X_i + e$$

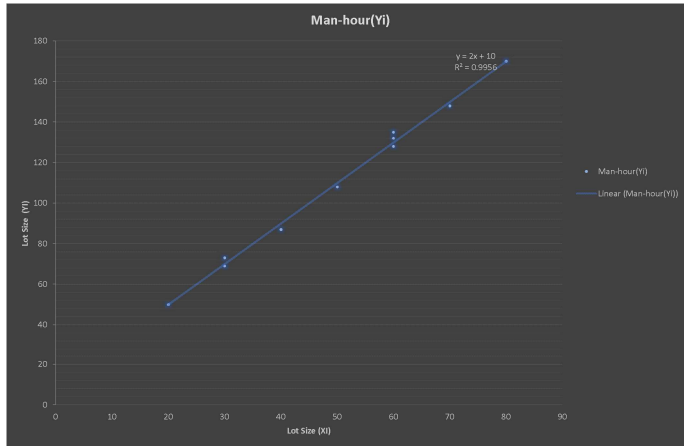
LINEAR REGRESSION

Production Run (i)	Lot Size (xi)	Man-hour(Yi)	Xi-X	Deviation of X	Yi-Y	Deviation of Y	(Xi-X)^2	Square of Deviation	(Yi-Y)^2	Square of Deviation	(Xi-X)(Yi-Y)
1	30	73	-20		-37		400		1369		740
2	20	50	-30		-60		900		3600		1800
3	60	128	10		18		100		324		180
4	80	170	30		60		900		3600		1800
5	40	87	-10		-23		100		529		230
6	50	108	0		-2		0		4		0
7	60	135	10		25		100		625		250
8	30	69	-20		-41		400		1681		820
9	70	148	20		38		400		1444		760
10	60	132	10		22		100		484		220
Average	50	110									
Sum	500	1100	Sum	0	0		3400		13660		6800

Degree of freedom	9	9
Variance	377.7777778	1517.777778
	377.7777778	1517.777778
Standard Deviation	19.43650632	36.95943723
	19.43650632	38.95866756

#### NORMAL EQUATION

B1	2
B0	10



Production Run (i)	Lot Size (xi)	Man-hour(Yi)
1	30	73
2	20	50
3	60	128
4	80	170
5	40	87
6	50	108
7	60	135
8	30	69
9	70	148
10	60	132
<b>Average</b>	<b>50</b>	<b>110</b>
<b>Sum</b>	<b>500</b>	<b>1100</b>

	$\hat{y} = 10 + 2x$	$e = y_i - \hat{y}$	$e^2$	$e \cdot x_i$	$e \cdot \hat{y}$
	70	3	9	90	210
	50	0	0	0	0
	130	-2	4	-120	-260
	170	0	0	0	0
	90	-3	9	-120	-270
	110	-2	4	-100	-220
	130	5	25	300	650
	70	-1	1	-30	-70
	150	-2	4	-140	-300
	130	2	4	120	260
<b>Sum</b>	<b>1100</b>	<b>0</b>	<b>60</b>	<b>0</b>	<b>0</b>

### PROPERTIES OF FITTED LINEAR REGRESSION LINE

1. The sum of Residuals is Zero.
2. The sum of Residuals of square is minimum (OLS).
3. The sum of Observation Value is equal to sum of Fitted (Predicted) Value.
4. The sum weighted residual in the  $i$ th trial is weighted by the level of independent variable in the trial.
5. The sum weighted residual in the  $i$ th trial is weighted by the fitted value of response variable in the trial.
6. Regression Line always go through mean  $X$  and  $Y$ .

## SUMMARY OUTPUT

<i>Regression Statistics</i>	
Multiple R	0.99780139
R Square	0.995607613
Adjusted R Square	0.995058565
Standard Error	2.738612788
Observations	10

<b>ANOVA (Analysis Of Variance)</b>					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1 <b>SSR</b>	13600	<b>MSR</b> 13600	1813.3333	1.01959E-10
Residual <b>ERROR</b>	8 <b>SSE</b>	60	<b>MSE</b> 7.5		
Total	9 <b>SSTO</b>	13660			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	10	2.502939448	3.99530241	0.0039758	4.228211282	15.77178872	4.228211282	15.77178872
X Variable 1	2	0.046966822	42.5832518	1.02E-10	1.891694315	2.108305685	1.891694315	2.108305685

SS: Sum of Square

df : Degree of freedom

MS : Mean of Square

SSR : Regression sum of square

SSE : Residual sum of square

SSTO : Total sum of square

SSTO = SSE + SSR

MSE :Error Mean Square(SSE/df)

MSR : SSR/df

F : F\* = MSR/MSE