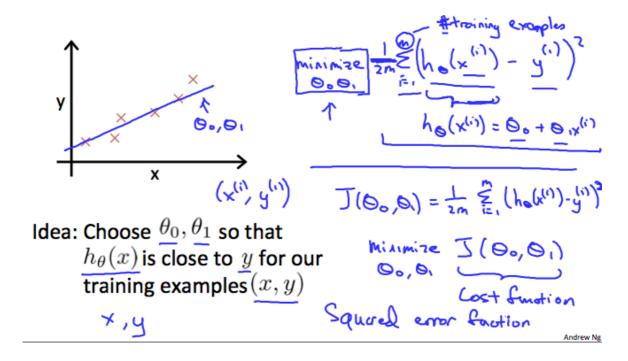
Cost Function

We can measure the accuracy of our hypothesis function by using a **cost function**. This takes an average difference (actually a fancier version of an average) of all the results of the hypothesis with inputs from x's and the actual output y's.

$$J(heta_0, heta_1) = rac{1}{2m}\sum_{i=1}^m \left(\hat{y}_i - y_i
ight)^2 = rac{1}{2m}\sum_{i=1}^m \left(h_ heta(x_i) - y_i
ight)^2$$

To break it apart, it is $\frac{1}{2}$ \bar{x} where \bar{x} is the mean of the squares of $h_{\theta}(x_i)-y_i$, or the difference between the predicted value and the actual value.

This function is otherwise called the "Squared error function", or "Mean squared error". The mean is halved $\left(\frac{1}{2}\right)$ as a convenience for the computation of the gradient descent, as the derivative term of the square function will cancel out the $\frac{1}{2}$ term. The following image summarizes what the cost function does:



✓ Complete

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