Notes for Module 4 Lecture 4C

Slide #5

In the F test F_0, how is **T(X'X)$^{-1}$T'** derived? Here is the derivation: Recall that $\widehat{Var}(\hat{\beta}) = \hat{\sigma}^2(X'X)^{-1}$. Thus, $\widehat{Var}(T\hat{\beta}) = \hat{\sigma}^2 T(X'X)^{-1}T'$.

Slide #6

Recall C_{jj} is the *j*-th diagonal element of **(X'X)$^{-1}$** .