



Covariance

- Remember variance?
- It's the measure of the average amount by which data associated with a variable vary from the mean of that variable...

$$= \frac{\sum (x_i - \bar{x}) (x_i - \bar{x})}{N - 1}$$

- If two variables *covary*, then when one variable deviates from the mean, we expect the other variable to deviate from its mean in a similar way.