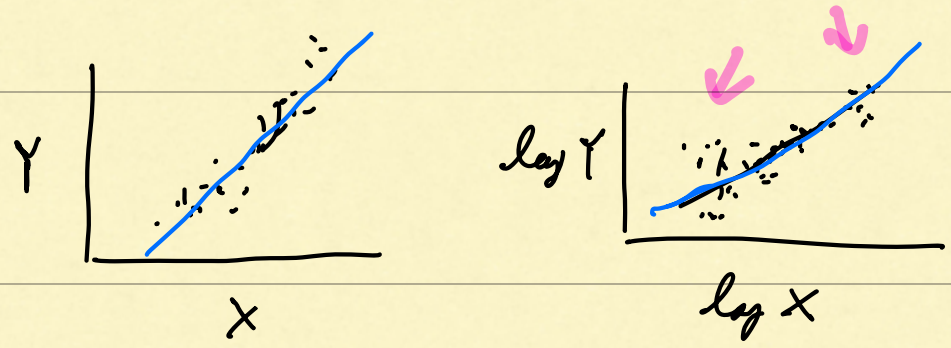
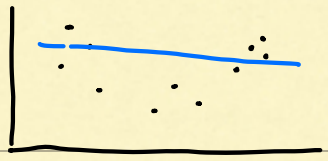
PSZ

HETEROSKEDASTIC



VARIANCE - BIAS TRADE-OFF

DATA Y

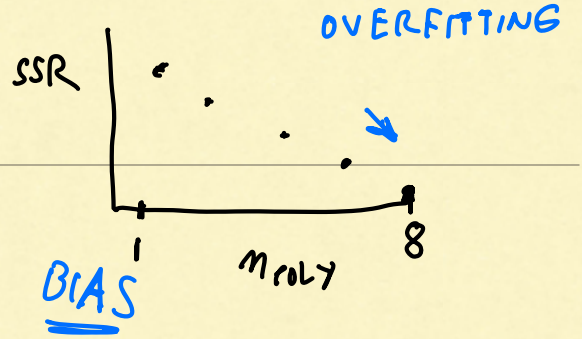


$N_{OBS} = 9$ DATA POINTS

FIT A POLYNOMIAL TO THIS DATA USING LEAST SQUARES

n_{POLY} - ORDER OF POLYNOMIAL

$$y = \beta_0 + \beta_1 x + \beta_2 x^2 + \dots \beta_{n_{POLY}} x^{n_{POLY}}$$

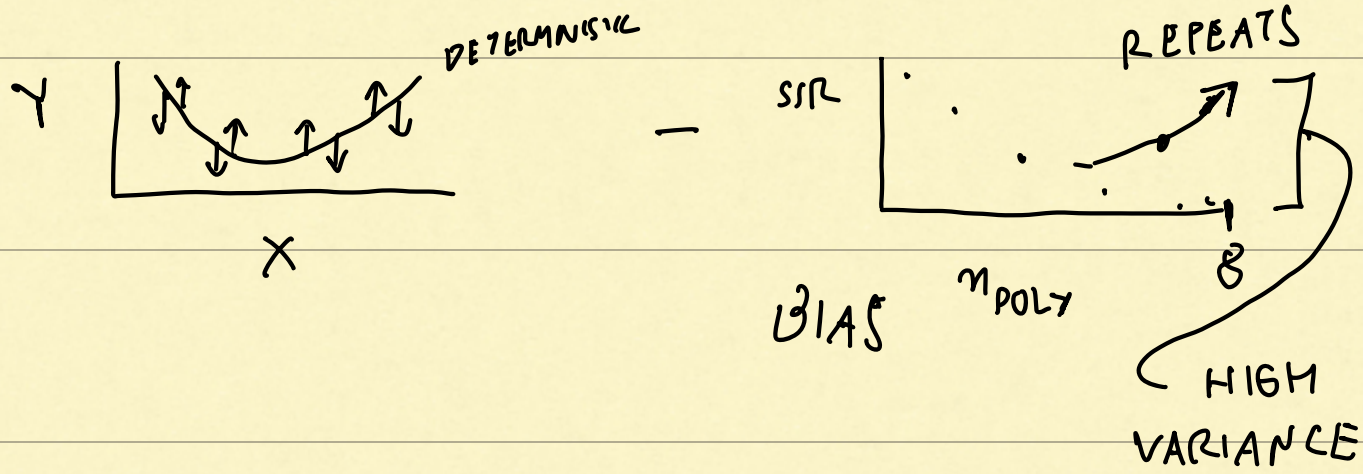


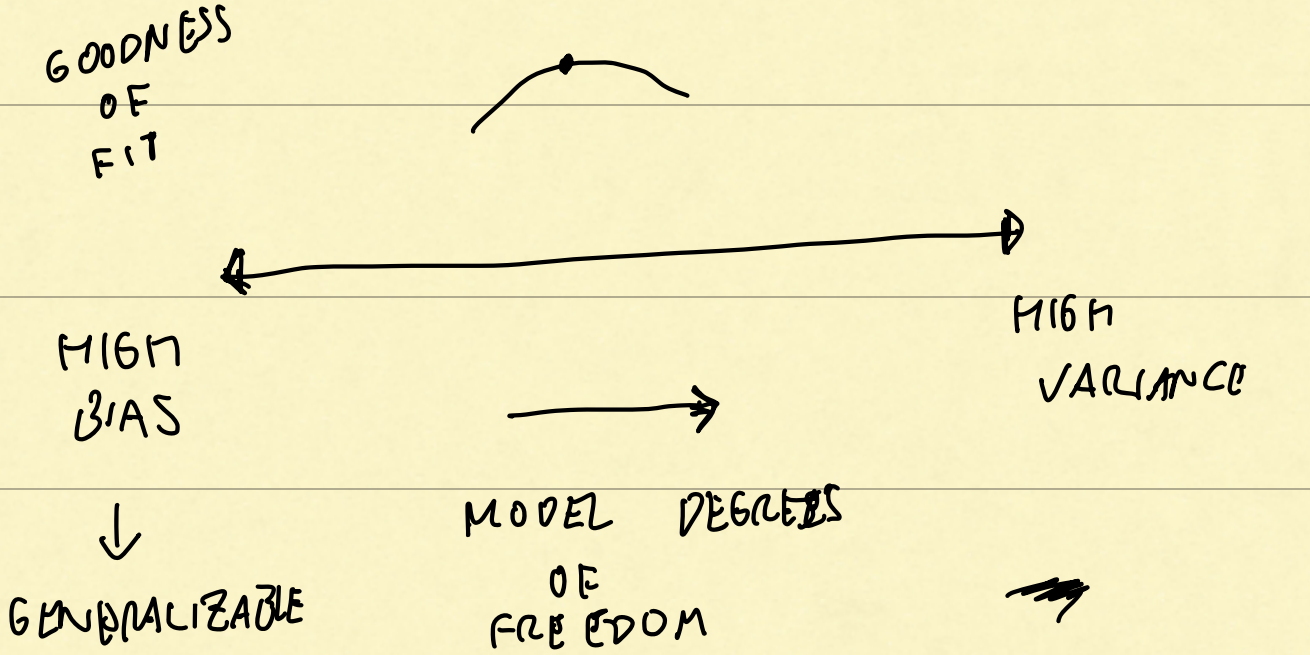
MODEL $y = \beta_0 + \beta_1 x + \dots + \epsilon$

"DETERMINISTIC" PART

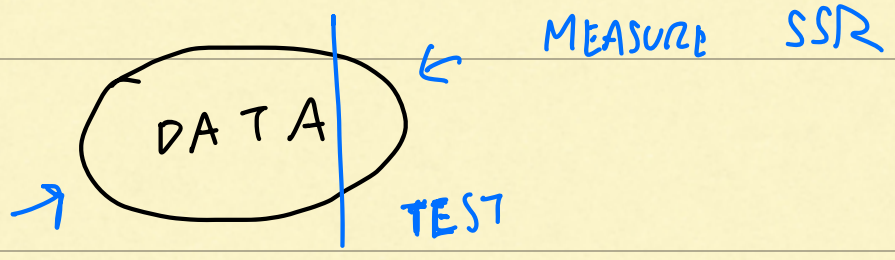
NOISE

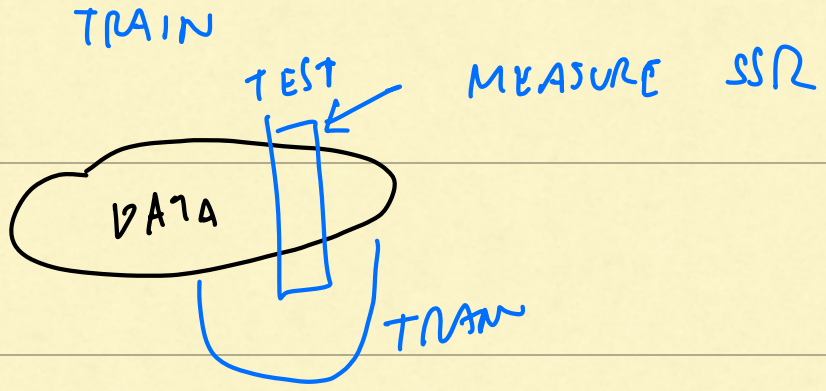
IF WE REPEAT, SSR WOULD INCREASE.





CROSS-VALIDATION




TRAIN
TEST
MEASURE SSR
DATA
TRAIN