



Correlation Coefficient

- The correlation coefficient is calculated from the sample data. It measures the strength and direction of a relationship between two variables.
- The range of the correlation coefficient is - 1 to + 1 and is identified by r
- Pearson's Correlation Coefficient is standardized covariance (it is unitless) and represented by this equation:

$$r = \frac{\text{covariance}(x, y)}{\sqrt{\text{var } x} \sqrt{\text{var } y}}$$