

Actual  $\rightarrow$  469  
Prediction  $\rightarrow$  467

In case of regressions models we can not expect ~~ex~~ exactness in predictions

Accuracy  $\rightarrow$  measure of exactness

$E = \frac{1}{n} \sum_{i=1}^n (y_i - \hat{y}_i)^2$  — Error gets impacted by level of target attribute

Actual  $\leftarrow$   $y_i$  Predicted  $\leftarrow$   $\hat{y}_i$

<u>\$100k</u> to <u>\$500k</u>	Case 1 Predict price of a house <u>E = \$2000</u>	Case 2 - Predict price of a pen <u>\$5</u> to <u>\$2000</u>	<u>E = \$500</u>
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$R^2 \text{ score} = 1 - \frac{\text{MSE} - \text{high}}{\text{VAR} - \text{small}}$

$R^2 = 1 - \frac{\frac{1}{n} \sum (y - \hat{y})^2}{\frac{1}{n} \sum (y - \bar{y})^2}$

$y$  = Actual  
 $\hat{y}$  = prediction  
 $\bar{y}$  = mean of  $y$