# LINEAR MODEL NOTES

CARSON JAMES

Contents



## 1. Matrix Algebra

### 1.1. Column and Null Space.

**Exercise 1.1.** *Let $X \in \mathcal{M}_{m,n}$. Then $\mathcal{N}(X) = \mathcal{N}(X^T X)$.*

*Proof.* Let $a \in \mathcal{N}(X)$. Then $Xa = 0$. So $X^T X a = 0$. Thus $a \in \mathcal{N}(X^T X)$. Conversely, suppose that $a \in \mathcal{N}(X^T X)$. Then $X^T X a = 0$. So

$$\begin{aligned} 0 &= a^T X^T X a \\ &= (Xa)^T (Xa) \\ &= \|Xa\|^2 \end{aligned}$$

Hence $Xa = 0$ and $a \in \mathcal{N}(X)$. □

**Exercise 1.2.** *Let $X \in \mathcal{M}_{m,n}$. Then $\mathcal{C}(X^T) = \mathcal{C}(X^T X)$.*

*Proof.*

$$\begin{aligned} \mathcal{C}(X^T) &= \mathcal{N}(X)^\perp \\ &= \mathcal{N}(X^T X)^\perp \\ &= \mathcal{C}(X^T X) \end{aligned}$$

□

**Exercise 1.3.** *Let $X \in \mathcal{M}_{m,n}$. If $X^TX = 0$, then $X = 0$.*

*Proof.* Suppose that $X^TX = 0$. Then

$$\begin{aligned} rank(X^T) &= \dim \mathcal{C}(X^T) \\ &= \dim \mathcal{C}(X^TX) \\ &= rank(X^TX) \\ &= 0 \end{aligned}$$

So $X^T = X = 0$. □

**Exercise 1.4.** *Let $X \in \mathcal{M}_{m,n}$ and $A, B \in \mathcal{M}_{n,p}$. Then $X^TXA = X^TXB$ iff $XA = XB$.*

*Proof.* Clearly if $XA = XB$, then $X^TXA = X^TXB$. Conversely, suppose that $X^TXA = X^TXB$. Then $X^TX(A - B) = 0$. So for each $i = 1, \cdots, p$, $X^TX(A - B)e_i = 0$. Thus for each $i = 1, \cdots, p$ $X(A - B)e_i \in \mathcal{N}(X^T) \cap \mathcal{C}(X) = \{0\}$. Hence $X(A - B) = 0$ and $XA = XB$. □

**Theorem 1.5.** *Let $X \in \mathcal{M}_{m,n}$. Then*

$$nullity(X) + rank(X) = n$$

.

**Exercise 1.6.** *Let $X \in \mathcal{M}_{m,n}$. Then*

$$rank(X^T) = rank(X)$$

*Proof.* We have that

$$\begin{aligned} rank(X^T) &= rank(X^TX) \\ &= n - nullity(X^TX) \\ &= n - nullity(X) \\ &= rank(X) \end{aligned}$$

□

**Definition 1.7.** *Let $X \in \mathcal{M}_{m,n}$. Then $X$ is said to have* ***full column rank*** *if $rank(X) = n$*

**Exercise 1.8.** *Let $X \in \mathcal{M}_{m,n}$. If $X$ has full column rank, then*

$$\mathcal{N}(X) = \{0\}$$

*Proof.* Suppose that $X$ has full column rank. Then $rank(X) = n$ Hence $nullity(X) = 0$ and $\mathcal{N}(X) = \{0\}$. □

1.2. **Generalized Inverses.**

**Definition 1.9.** *Let $A \in \mathcal{M}_{m,n}$ and $G \in \mathcal{M}_{n,m}$. Then $G$ is said to be a* ***generalized inverse*** *of $A$ if $AGA = A$.*

**Theorem 1.10.** *Let $A \in \mathcal{M}_{m,n}$. Suppose that $rank(A) = r$. Then there exists $P \in \mathcal{M}_{m,m}, Q \in \mathcal{M}_{n,n}, C \in \mathcal{M}_{r,r}$ such that $P, Q, C$ are non-singular, $rank(C) = r$ and*

$$A = P \begin{pmatrix} C & 0 \\ 0 & 0 \end{pmatrix} Q$$

**Exercise 1.11.** *Let*
$$A = P \begin{pmatrix} C & 0 \\ 0 & 0 \end{pmatrix} Q$$
*as in the previous theorem and* $D \in \mathcal{M}_{r,m-r}, E \in \mathcal{M}_{n-r,r}, F \in \mathcal{M}_{n-r,m-r}$. *Put*
$$G = Q^{-1} \begin{pmatrix} C^{-1} & D \\ E & F \end{pmatrix} P^{-1}$$

*Then $G$ is a generalized inverse of $A$.*

*Proof.*
$$\begin{aligned}
AGA &= \left[P \begin{pmatrix} C & 0 \\ 0 & 0 \end{pmatrix} Q\right]\left[Q^{-1} \begin{pmatrix} C^{-1} & D \\ E & F \end{pmatrix} P^{-1}\right]\left[P \begin{pmatrix} C & 0 \\ 0 & 0 \end{pmatrix} Q\right] \\
&= P \begin{pmatrix} C & 0 \\ 0 & 0 \end{pmatrix}\begin{pmatrix} C^{-1} & D \\ E & F \end{pmatrix}\begin{pmatrix} C & 0 \\ 0 & 0 \end{pmatrix} Q \\
&= P \begin{pmatrix} I & CD \\ 0 & 0 \end{pmatrix}\begin{pmatrix} C & 0 \\ 0 & 0 \end{pmatrix} Q \\
&= P \begin{pmatrix} C & 0 \\ 0 & 0 \end{pmatrix} Q \\
&= A
\end{aligned}$$

□

**Note 1.12.** *The previous exercise and theorem guarantee the existence of a generealized inverse for all matrices. We will take $G = A^-$ to mean that $G$ is a generalized inverse of $A$. Unless otherwise specified, $A^-$ will refer to a generic generalized inverse of $A$, that is, unless otherwise specified, any statement about $A^-$ will apply to all generalized inverses of $A$.*

**Theorem 1.13.** *Let $A \in \mathcal{M}_{m,n}$. Suppose that rank$(A) = r$. Let $P \in \mathcal{M}_{mm}$, $Q \in \mathcal{M}_{n,n}$ permutation matrices and $C \in \mathcal{M}_{r,r}$. Suppose that rank$(C) = r$ and $PAQ = \begin{pmatrix} C & D \\ E & F \end{pmatrix}$ Then $Q \begin{pmatrix} C^{-1} & 0 \\ 0 & 0 \end{pmatrix} P = A^-$.*

**Exercise 1.14.** *Let $X \in \mathcal{M}_{m,n}$. Then $(X^T)^- = (X^-)^T$.*

*Proof.*
$$\begin{aligned}
X^T(X^-)^T X^T &= (XX^-X)^T \\
&= X^T
\end{aligned}$$

□

**Exercise 1.15.** *Let $X \in \mathcal{M}_{m,n}$. Then $\mathcal{C}(XX^-) = \mathcal{C}(X)$.*

*Proof.* Clearly $\mathcal{C}(XX^-) \subset \mathcal{C}(X)$. Let $b \in \mathcal{C}(X)$. Then there exists $a \in \mathbb{R}^n$ such that $Xa = b$. Then
$$\begin{aligned}
XX^-b &= XX^-Xa \\
&= Xa \\
&= b
\end{aligned}$$

So $b \in \mathcal{C}(XX^-)$. Thus $\mathcal{C}(X) \subset \mathcal{C}(XX^-)$ and $\mathcal{C}(X) = \mathcal{C}(XX^-)$ □

**Exercise 1.16.** *Let $X \in \mathcal{M}_{m,n}$. Then $\mathcal{N}(X) = \mathcal{N}(X^-X)$*

*Proof.* From the previous exercise, we have that

$$\begin{aligned}\mathcal{N}(X) &= \mathcal{C}(X^T)^\perp \\ &= \mathcal{C}(X^T(X^T)^-)^\perp \\ &= \mathcal{C}(X^T(X^-)^T)^\perp \\ &= \mathcal{C}((X^-X)^T)^\perp \\ &= \mathcal{N}(X^-X)\end{aligned}$$

□

**Exercise 1.17.** *Let $X \in \mathcal{M}_{m,n}$. Then $X^- = (X^TX)^-X^T$.*

*Proof.* By definition, $X^TX(X^TX)^-X^TX = X^TX$. A previous exercise implies that $X(X^TX)^-X^TX = X$. Thus $X^- = (X^TX)^-X^T$. □

**Exercise 1.18.** *Let $X \in \mathcal{M}_{m,n}$. Then $(X^T)^- = X(X^TX)^-$.*

*Proof.* The previous exercise tells us that $X^- = (X^TX)^-X^T$. Transposing both sides, we obtain $(X^T)^- = X(X^TX)^-$. □

## 1.3. **Projections.**

**Definition 1.19.** *Let $A \in \mathcal{M}_{m,m}$. Then $X$ is said to be* ***idempotent*** *if $A^2 = A$.*

**Exercise 1.20.** *Let $X \in \mathcal{M}_{m.n}$. Then $XX^-$ and $X^-X$ are idempotent*

*Proof.*

$$\begin{aligned}(XX^-)(XX^-) &= (XX^-X)X^- \\ &= XX^-\end{aligned}$$

The case is similar for $X^-X$. □

**Exercise 1.21.** *Let $A \in \mathcal{M}_{m.m}$. If $X$ is idempotent, then $I - A$ is idempotent.*

*Proof.* Suppose that $A$ is idempotent. Then

$$\begin{aligned}(I-A)(I-A) &= I^2 - IA - AI + A^2 \\ &= I - 2A + A \\ &= I - A\end{aligned}$$

□

**Theorem 1.22.** *Let $A \in \mathcal{M}_{m,m}$. If $A$ is idempotent, then $rank(A) = tr(A)$.*

**Definition 1.23.** *Let $P \in \mathcal{M}_{m,m}$ and $S \subset \mathbb{R}^m$ a subspace. Then $P$ is said to be a* ***projection matrix*** *onto $S$ if*

*(1) $P$ is idempotent*
*(2) $\mathcal{C}(P) \subset S$*

*(3) for each $x \in S$, $Px = x$*

**Note 1.24.** *In the previous definition, (2) and (3) imply that $\mathcal{C}(X) = S$, so to say that $X$ projects "onto" $S$ is accurate.*

**Exercise 1.25.** *Let $S \subset \mathbb{R}^m$ and $P, Q$ projection matrices onto $S$. Then $PQ = Q$.*

*Proof.* Let $x \in \mathbb{R}^m$. Then $Qx \in \mathcal{C}(Q) = S$. So $PQx = Qx$. Thus $PQ = Q$. □

**Exercise 1.26.** *Let $X \in \mathcal{M}_{m,n}$. Then $XX^-$ is a projection onto $\mathcal{C}(X)$.*

*Proof.* A previous exercises tells us that $XX^-$ is idempotent. Another previous exercise tells us that $\mathcal{C}(XX^-) = \mathcal{C}(X)$. Let $b \in \mathcal{C}(X)$. Then there exists $a \in \mathbb{R}^n$ such that $Xa = b$. So

$$\begin{aligned} XX^-b &= XX^-Xa \\ &= Xa \\ &= b \end{aligned}$$

□

**Exercise 1.27.** *Let $X \in \mathcal{M}_{m,n}$. Then $I - X^-X$ is a projection onto $\mathcal{N}(X)$*

*Proof.* Since $X^-X$ is idempotent, so is $I - X^-X$. Let $b \in \mathcal{C}(I - X^-X)$. Then there exists $a \in \mathbb{R}^n$ such that $(I - X^-X)a = b$. Then

$$\begin{aligned} Xb &= X(I - X^-X)a \\ &= (X - XX^-X)a \\ &= (X - X)a \\ &= 0a \\ &= 0 \end{aligned}$$

So $\mathcal{C}(I - X^-X) \subset \mathcal{N}(X)$. Let $a \in \mathcal{N}(X)$. Then $Xa = 0$ and

$$\begin{aligned} (I - X^-X)a &= a - X^-Xa \\ &= a \end{aligned}$$

So for each $a \in \mathcal{N}(X)$, $(I - X^-X)a = a$. □

**Exercise 1.28.** *Let $S \subset \mathbb{R}^m$ be a subspace and $P \in \mathcal{M}_{m,m}$ be a symmetric projection matrix onto $S$. Then $P$ is unique.*

*Proof.* Let $Q \in \mathcal{M}_{m,m}$ be a symmetric projection matrix onto $S$. Then

$$\begin{aligned} (P - Q)^T(P - Q) &= P^TP - P^TQ - Q^TP + Q^TQ \\ &= P^2 - PQ - QP + Q^2 \\ &= P - Q - P + Q \\ &= 0 \end{aligned}$$

Thus $P - Q = 0$ and $P = Q$. □

**Definition 1.29.** *Let $X \in \mathcal{M}_{m,n}$. We define $P_X$ by*

$$P_X = X(X^TX)^-X^T$$

**Exercise 1.30.** *Let $X \in \mathcal{M}_{m,n}$. Then $P_X$ is well defined, that is, $P_X$ is independent of the choice of $(X^TX)^-$.*

*Proof.* Suppose that $G, H$ are generalized inverses of $X^TX$. By definition, we have

$$\begin{aligned} X^TXGX^TX = X^TXHX^TX &\Rightarrow XGX^TX = XHX^TX \\ &\Rightarrow X^TXG^TX^T = X^TXHX^T \\ &\Rightarrow XG^TX^T = XHX^T \\ &\Rightarrow XGX^T = XHX^T = P_X \end{aligned}$$

□

**Note 1.31.** *Recall that $X^- = (X^TX)^-X^T$. So that $P_X = XX^-$ is indeed a projection onto $\mathcal{C}(X)$. Recall that $[(X^TX)^-]^T$ is a generalized inverse of $(X^TX)^T = (X^TX)$. Hence $P_X^T = X[(X^TX)^-]^TX^T = P_X$. Since $P_X$ is symmetric, it is the unique symmetric projection onto $\mathcal{C}(X)$.*

**Note 1.32.** *Recall that $(X^T)^- = X(X^TX)^-$. So that $P_X = (X^T)^-X^T$. A previous exercises tells us that $I - P_X$ is a projection on $\mathcal{N}(X^T)$. Since $I - P_X$ is symmetric, it is the unique symmetric projection onto $\mathcal{N}(X^T)$.*

**Exercise 1.33.** *Let $X_1, X_2 \in \mathcal{M}_{m,n}$. Suppose that $\mathcal{C}(X_1) = \mathcal{C}(X_2)^\perp$. Then $P_{X_1}P_{X_2} = P_{X_2}P_{X_1} = 0$.*

*Proof.* Since $I - P_{X_1}$ is the unique symmetric projection onto $\mathcal{N}(X_1^T) = \mathcal{C}(X_1)^\perp = \mathcal{C}(X_2)$, we have that $I - P_{X_1} = P_{X_2}$. Thus $P_{X_1}P_{X_2} = P_{X_1}(I - P_{X_1}) = 0$. Similarly, $P_{X_2}P_{X_1} = 0$. □

**Exercise 1.34.** *Let $X \in \mathcal{M}_{m,n}$. For each $z \in \mathcal{N}(X^T)$, $P_Xz = 0$.*

*Proof.* Let $z \in \mathcal{N}(X^T)$. Then $P_Xz = X(X^TX)^-(X^Tz) = 0$. □

**Exercise 1.35.** *Let $X_1, X_2 \in \mathcal{M}_{m,n}$. If $\mathcal{C}(X_1) \subset \mathbb{C}(X_2)$, then $P_{X_2} - P_{X_1}$ is the unique projection onto $\mathcal{C}((I - P_{X_1})X_2)$.*

*Proof.* Clearly $P_{X_2} - P_{X_1}$ is symmetric. Since $\mathcal{C}(X_1) \subset \mathbb{C}(X_2)$, we have that $P_{X_2}P_{X_1} = P_{X_1}$. Also, by symmetry,

$$\begin{aligned} (P_{X_1}P_{X_2})^T &= P_{X_2}^TP_{X_1}^T \\ &= P_{X_2}P_{X_1} \\ &= P_{X_1} \end{aligned}$$

So $P_{X_1}P_{X_2} = P_{X_1}^T = P_{X_1}$. Now we have that

(1)

$$\begin{aligned} (P_{X_2} - P_{X_1})^2 &= (P_{X_2} - P_{X_1})(P_{X_2} - P_{X_1}) \\ &= P_{X_2}^2 + P_{X_1}^2 - P_{X_2}P_{X_1} - P_{X_1}P_{X_2} \\ &= P_{X_2} + P_{X_1} - P_{X_1} - P_{X_1} \\ &= P_{X_2} - P_{X_1} \end{aligned}$$

So $P_{X_2} - P_{X_1}$ is idempotent.

(2) Let $x \in \mathbb{R}^m$. Then there exist unique $y \in \mathcal{C}(X_2)$ and $z \in \mathcal{C}(X_2)^\perp = \mathcal{N}(X_2^T)$ such that $x = y + z$. So there exists $e \in \mathbb{R}^n$ such that $y = X_2 e$ Since $z \in \mathcal{N}(X_2^T)$, $P_{X_2} z = 0$. Then

$$\begin{aligned}(P_{X_2} - P_{X_1})x &= P_{X_2}x - P_{X_1}x \\ &= P_{X_2}x - P_{X_1}P_{X_2}x \\ &= y - P_{X_1}y \\ &= X_2e - P_{X_1}X_2e \\ &= (I - P_{X_1})X_2e \\ &\in \mathcal{C}((I - P_{X_1})X_2)\end{aligned}$$

(3) Let $x \in \mathcal{C}((I - P_{X_1})X_2)$. Then there existe $e \in \mathbb{R}^n$ such that $x = (I - P_{X_1})X_2e$. So

$$\begin{aligned}(P_{X_2} - P_{X_1})x &= P_{X_2}(I - P_{X_1})x \\ &= P_{X_2}(I - P_{X_1})(I - P_{X_1})X_2e \\ &= P_{X_2}(I - P_{X_1})X_2e \\ &= (P_{X_2} - P_{X_1})X_2e \\ &= P_{X_2}X_2e - P_{X_1}X_2e \\ &= X_2e - P_{X_1}X_2e \\ &= (I - P_{X_1})X_2e \\ &= x\end{aligned}$$

□

### 1.4. **Solving Linear Equations.**

**Definition 1.36.** *Let $A \in \mathcal{M}_{m,n}$ and $b \in \mathbb{R}^m$. Then the system $Ax = b$ is said to be **consistent** if $b \in \mathcal{C}(A)$.*

**Exercise 1.37.** *Let $A \in \mathcal{M}_{m,n}$ and $G \in \mathcal{M}_{n,m}$. Then $G = A^-$ iff for each $b \in \mathcal{C}(A)$, $Gb$ solves $Ax = b$.*

*Proof.* Suppose that $G = A^-$. Let $b \in \mathcal{C}(A)$. Then there exists $x^* \in \mathbb{R}^n$ such that $Ax^* = b$. So

$$\begin{aligned}A(Gb) &= AG(Ax^*) \\ &= (AGA)x^* \\ &= Ax^* \\ &= b\end{aligned}$$

So $Gb$ solves $Ax = b$. Conversely, Suppose that for each $b \in \mathcal{C}(A)$, $Gb$ solves $Ax = b$. Let $z \in \mathbb{R}^n$. So $Az \in \mathcal{C}(A)$. Then

$$\begin{aligned}(AGA)z &= A[G(Az)] \\ &= Az\end{aligned}$$

Since for each $z \in \mathbb{R}^n AGAz = Az$, $AGA = A$ and $G = A^-$. □

**Exercise 1.38.** *Let $b \in \mathcal{C}(A)$. Then*

$$\{x \in \mathbb{R}^n : Ax = b\} = \{A^- b + (I - A^- A)z : z \in \mathbb{R}^n\}$$

.

*Proof.* Let $x \in \{A^- b + (I - A^- A)z : z \in \mathbb{R}^n\}$. Then there exists $z \in \mathbb{R}^n$ such that $x = A^- b + (I - A^- A)z$. Since $(I - A^- A)$ is a projection onto $\mathcal{N}(A)$,

$$\begin{aligned} Ax &= AA^- b \\ &= b \end{aligned}$$

So $x \in \{x \in \mathbb{R}^n : Ax = b\}$. Conversely, let $x \in \{x \in \mathbb{R}^n : Ax = b\}$. Then

$$\begin{aligned} x &= A^-(Ax) + (x - A^- Ax) \\ &= A^-(b) + (I - A^- A)x \\ &\in \{A^- b + (I - A^- A)z : z \in \mathbb{R}^n\} \end{aligned}$$

□

1.5. **Moore-Penrose Pseudoinverse.**

**Theorem 1.39.** *(Singular Value Decomposition):*
*Let $A \in \mathcal{M}_{m,n}$. Suppose that $rank(A) = r$. Then there exist $U \in \mathcal{M}_{m,m} V \in \mathcal{M}_{n,n}$, and $D_0 \in \mathcal{M}_{r,r}$ such that*

(1) $A = U \begin{pmatrix} D_0 & 0 \\ 0 & 0 \end{pmatrix} V^T$
(2) $U^T U = I$
(3) $V^T V = I$
(4) $D_0 = diagonal(d_1, d_2, \cdots, d_r)$ *with* $d_1 \geq d_2 \geq \cdots \geq d_r > 0$

**Note 1.40.** *Put* $D = \begin{pmatrix} D_0 & 0 \\ 0 & 0 \end{pmatrix} \in \mathcal{M}_{m,n}$

(1) *Since $D_0$ is symmetric,* $D^T = \begin{pmatrix} D_0 & 0 \\ 0 & 0 \end{pmatrix} \in \mathcal{M}_{n,m}$
(2) *Since $D_0$ is diagonal, $D_0^{-1}$ is also diagonal and symmetric*

**Definition 1.41.** *Let $A \in \mathcal{M}_{m,m}$ and $A^+ \in \mathcal{M}_{n,m}$. Then $A^+$ is said to be a* ***Moore-Penrose pseudoinverse*** *of $A$ if*

(1) $AA^+A = A$
(2) $A^+AA^+ = A^+$
(3) $AA^+$ *is symmetric*
(4) $A^+A$ *is symmetric*

**Note 1.42.** *We have that* $P_X = XX^+ = X(X^TX)^-X^T$.

**Exercise 1.43.** *Let $A \in \mathcal{M}_{m,n}$ and $S, T \in \mathcal{M}_{n,m}$. If $S$ and $T$ are m-p pseudoinverses of $A$, then $S = T$.*

*Proof.* Suppose that $S, T$ satisfy properties (1)-(4). Then

$$\begin{aligned}
S &= SAS \\
&= (SA)^T S \\
&= A^T S^T S \\
&= (ATA)^T S^T S \\
&= A^T T^T A^T S^T S \\
&= (TA)^T (SA)^T S \\
&= (TA)(SA)S \\
&= TA(SAS) \\
&= TAS
\end{aligned}$$

and

$$\begin{aligned}
T &= TAT \\
&= T(AT)^T \\
&= TT^T A^T \\
&= TT^T (ASA)^T \\
&= TT^T A^T S^T A^T \\
&= T(AT)^T (AS)^T \\
&= T(AT)(AS) \\
&= (TAT)AS \\
&= TSA
\end{aligned}$$

So $S = T$ ∎

**Exercise 1.44.** *Let $A \in \mathcal{M}_{m,n}$ have singular value decomposition $A = UDV^T = U \begin{pmatrix} D_0 & 0 \\ 0 & 0 \end{pmatrix} V^T$. Define $D^+ = \begin{pmatrix} D_0^{-1} & 0 \\ 0 & 0 \end{pmatrix} \in \mathcal{M}_{n,m}$. Then $D^+$ is the m-p pseudoinverse of $D$.*

*Proof.*

(1)

$$\begin{aligned}
DD^+D &= \begin{pmatrix} D_0 & 0 \\ 0 & 0 \end{pmatrix} \begin{pmatrix} D_0^{-1} & 0 \\ 0 & 0 \end{pmatrix} \begin{pmatrix} D_0 & 0 \\ 0 & 0 \end{pmatrix} \\
&= \begin{pmatrix} I & 0 \\ 0 & 0 \end{pmatrix} \begin{pmatrix} D_0 & 0 \\ 0 & 0 \end{pmatrix} \\
&= \begin{pmatrix} D_0 & 0 \\ 0 & 0 \end{pmatrix} \\
&= D
\end{aligned}$$

(2) Similar to (1).

(3)

$$\begin{aligned}(DD^+)^T &= \begin{pmatrix} I & 0 \\ 0 & 0 \end{pmatrix}^T \\ &= \begin{pmatrix} I & 0 \\ 0 & 0 \end{pmatrix} \\ &= DD^+\end{aligned}$$

(4) Similar to (3).

□

**Exercise 1.45.** *Let $A \in \mathcal{M}_{m,n}$ have singular value decomposition $A = UDV^T$. So $A^T \in \mathcal{M}_{n,m}$ has singular value decomposition $A^T = VD^TU^T$. Then $(D^T)^+ = (D^+)^T$*

*Proof.* Since $D^T = \begin{pmatrix} D_0 & 0 \\ 0 & 0 \end{pmatrix} \in \mathcal{M}_{n,m}$, we have that $(D^T)^+ = \begin{pmatrix} D_0^{-1} & 0 \\ 0 & 0 \end{pmatrix} = (D^+)^T$ □

**Exercise 1.46.** *Let $A \in \mathcal{M}_{m,n}$ have singular value decomposition $A = UDV^T$. Define $A^+ = VD^+U^T$. Then $A^+$ is the m-p pseudoinverse of $A$.*

*Proof.* (1)

$$\begin{aligned}AA^+A &= (UDV^T)(VD^+U^T)(UDV^T) \\ &= UDD^+DV^T \\ &= UDV^T \\ &= A\end{aligned}$$

(2) Similar to (1)
(3)

$$\begin{aligned}(AA^+)^T &= \left[(UDV^T)(VD^+U^T)\right]^T \\ &= (UDD^+U^T)^T \\ &= U(DD^+)^TU^T \\ &= UDD^+U^T \\ &= (UDV^T)(VD^+U^T) \\ &= AA^+\end{aligned}$$

(4) Similar to (3).

□

**Exercise 1.47.** *Let $A \in \mathcal{M}_{m,n}$ have singular value decomposition $A = UDV^T$. Then $(A^T)^+ = (A^+)^T$.*

*Proof.*

$$\begin{aligned}(A^T)^+ &= \left[(UDV^T)^T\right]^+ \\ &= (VD^TU^T)^+ \\ &= U(D^T)^+V^T \\ &= U(D^+)^TV^T \\ &= (VD^+U^T)^T \\ &= (A^+)^T\end{aligned}$$

□

**Exercise 1.48.** *Let $A \in \mathcal{M}_{m,n}$. Then there exists a unique matrix $A^+ \in \mathcal{M}_{n,m}$ such that $A^+$ is the m-p pseudoinverse of $A$.*

*Proof.* The existence of and uniqueness of $A^+$ are shown in the previous exercises. □

**Exercise 1.49.** *Let $A \in \mathcal{M}_{m,m}$. Then $(A^+)^+ = A$.*

*Proof.* We observe that $A$ satisfies properties $(1)-(4)$ for $A^+$. By uniqueness, $(A^+)^+ = A$. □

**Exercise 1.50.** *Let $A \in \mathcal{M}_{m,n}$ and $b \in \mathcal{C}(A)$. Pur $S = \{x \in \mathbb{R}^n : Ax = b\}$. Then*

$$\|A^+b\| = \min_{x \in S} \|x\|$$

.

*Proof.* Let $x \in S$. A previous exercise tells us that there exists $z \in \mathbb{R}^n$ such that $x = A^+b + (I - A^+A)z$. Then

$$\begin{aligned}\|x\|^2 &= \|A^+b + (I - A^+A)z\|^2 \\ &= (A^+b + (I - A^+A)z)^T(A^+b + (I - A^+A)z) \\ &= \|A^+b\|^2 - 2z^T(I - A^+A)^T(A^+b) + \|(I - A^+A)z\|^2 \\ &= \|A^+b\|^2 - 2z^T(I - A^+A)A^+b + \|(I - A^+A)z\|^2 \\ &= \|A^+b\|^2 + \|(I - A^+A)z\|^2 \\ &\geq \|A^+b\|^2\end{aligned}$$

□

## 1.6. **Differentiation.**

**Definition 1.51.** *Let $Q : \mathbb{R}^n \to \mathbb{R}$ given by $b \mapsto Q(b)$. Suppose that $Q \in C^1(\mathbb{R}^n)$. We define*

$$\frac{\partial Q}{\partial b} = \begin{pmatrix} \frac{\partial Q}{\partial b_1} \\ \vdots \\ \frac{\partial Q}{\partial b_n} \end{pmatrix}$$

**Exercise 1.52.** *Let $a, b \in \mathbb{R}_n$ and $A \in \mathcal{M}_{n,n}$. Then*

(1) $$\frac{\partial a^Tb}{\partial b} = a$$

*(2)*
$$\frac{\partial b^T A b}{\partial b} = (A + A^T)b$$

*Proof.*

(1) Since
$$a^T b = \sum_{i=1}^{n} a_i b_i$$
We have that
$$\frac{\partial a^T b}{\partial b_i} = a_i$$
and therefore
$$\frac{\partial a^T b}{\partial b} = a$$

(2) Since
$$\begin{aligned} b^T A b &= \sum_{i=1}^{n} b_i \sum_{j=1}^{n} A_{i,j} b_j \\ &= \sum_{i=1}^{n} \sum_{j=1}^{n} b_i A_{i,j} b_j \end{aligned}$$
The terms containing $b_i$ are
$$A_{i,i} b_i^2 + \sum_{\substack{j=1 \\ j\neq i}}^{n} (A_{i,j} + A_{j,i}) b_i b_j$$
This implies that
$$\begin{aligned} \frac{\partial b^T A b}{\partial b_i} &= 2A_{i,i} b_i + \sum_{\substack{j=1 \\ j\neq i}}^{n} (A_{i,j} + A_{j,i}) b_j \\ &= \sum_{j=1}^{n} (A_{i,j} + A^T_{i,j}) b_j \\ &= [(A + A^T)b]_i \end{aligned}$$
So
$$\frac{\partial b^T A b}{\partial b} = (A + A^T)b$$

□

## 2. The Linear Model

### 2.1. Model Description.

**Definition 2.1.** *Given $y \in \mathbb{R}_m$ a vector of observed responses to the matrix $X \in \mathcal{M}_{m,n}$ of observed inputs, we will consider the model*
$$y = Xb + e$$
*where $b \in \mathbb{R}_n$ is a vector of unknown parameters and $e \in \mathbb{R}^m$ is a random vector of unobserved errors with zero mean.*

**Definition 2.2.** *For a parameter vector $b \in \mathbb{R}^n$, we have that $e = y - Xb$. For this reason, $e$ is called the* ***residual vector*** *or simply the "residuals".*

**Note 2.3.** *The goal will be to find a parameter vector $b \in \mathbb{R}^n$ that makes the causes the residuals to be as small as possible.*

2.2. **Least Squares Optimization.**

**Definition 2.4.** *We define the* ***cost function****, $Q : \mathbb{R}^n \to \mathbb{R}$ by*

$$\begin{aligned} Q(b) &= \|y - Xb\|^2 \\ &= (y - Xb)^T (y - Xb) \end{aligned}$$

**Definition 2.5.** *Let $b \in \mathbb{R}^n$. Then $b$ is said to be a* ***least squares solution*** *for the model if*

$$Q(b) = \inf_{c \in R^n} Q(c)$$

**Exercise 2.6.** *If $b$ is a least squares solution for the model, then $X^T X b = X^T y$.*

*Proof.* Suppose that $b$ is a least squares solution for the model, then $Q$ has a global minimum at $b$. Since $Q$ is convex in $b$, this global minimum is also a local minimum. Thus

$$\frac{\partial Q}{\partial b}(b) = 0$$

By definition,

$$\begin{aligned} Q(b) &= y^T y - y^T X b - b^T X^T y + b^T X^T X b \\ &= y^T y - 2y^T X b + b^T X^T X b \end{aligned}$$

Thus

$$\begin{aligned} 0 &= \frac{\partial Q}{\partial b}(b) \\ &= -2X^T y + 2X^T X b \end{aligned}$$

Hence $X^T X b = X^T y$. $\square$

**Definition 2.7.** *For $y \in \mathbb{R}^m$ and $X \in \mathcal{M}_{m,n}$, we define the* ***normal equation*** *to be*

$$X^T X b = X^T y$$

**Exercise 2.8.** *The normal equation is consistent.*

*Proof.* We have that $X^T y \in \mathcal{C}(X^T) = \mathcal{C}(X^T X)$. $\square$

**Exercise 2.9.** *Let $b \in \mathbb{R}^n$. Then $b$ is a least squares solution for the model iff $b$ satisfies the normal equation.*

*Proof.* The previous exercises tells us that if $b$ is a least squares solution for the model, then $b$ satisfies the normal equation. Conversely, suppose that $b$ satisfies the normal equation.

Then

$$
\begin{aligned}
Q(c) &= (y - Xc)^T(y - Xc) \\
&= (y - Xb + Xb - Xc)^T(y - Xb + Xb - Xc) \\
&= (y - Xb)^T(y - Xb) - (y - Xb)^T(X(b - c)) - (b - c)^T X^T(y - Xb) + (b - c)^T X^T(X(b - c)) \\
&= Q(b) - 2(b - c)^T X^T(y - Xb) + \|X(b - c)\|^2 \\
&= Q(b) + \|X(b - c)\|^2
\end{aligned}
$$

Thus $b$ minimizes $Q$. □

**Exercise 2.10.** *Let $b \in \mathbb{R}^n$ be a least squares solution for the model. Then $\|y\|^2 = \|Xb\|^2 + \|e\|^2$*

*Proof.* Since $b$ satisfies the normal equation, we have that $X^T(y - Xb) = 0$. Thus

$$
\begin{aligned}
Xb \cdot e &= b^T X^T e \\
&= b^T X^T(y - Xb) \\
&= b^T 0 \\
&= 0
\end{aligned}
$$

So $Xb$ and $e$ are orthogonal. Therefore

$$
\begin{aligned}
\|y\|^2 &= \|Xb + e\|^2 \\
&= \|Xb\|^2 + \|e\|^2
\end{aligned}
$$

□

## 2.3. **Estimation.**

**Note 2.11.** *In what follows we are considering the model $y = Xb + e$ with $y, e \in \mathbb{R}^n$, $b \in \mathbb{R}^p$, $X \in \mathcal{M}_{n,p}$ and $\mathbb{E}[e] = 0$.*

**Definition 2.12.** *Let Then $\lambda \in \mathbb{R}^p$. The function $t(y)$ is said to be a linear unbiased estimator for the function $f(b) = \lambda^T b$ if there exists $a \in \mathbb{R}^n$, $c \in \mathbb{R}$ such that $t(y) = c + a^T y$ and for each $b \in \mathbb{R}^p$, $\mathbb{E}[t(y)] = \lambda^T b$.*

**Exercise 2.13.** *Let Then $\lambda \in \mathbb{R}^p$ and $a \in \mathbb{R}^n$, $c \in \mathbb{R}$. Suppose that $t(y) = c + a^T y$ is an unbiased linear estimator for $f(b) = \lambda^T b$. Then $c = 0$ and $\lambda = X^T a$.*

*Proof.* We have that for each $b \in \mathbb{R}^p$,

$$
\begin{aligned}
\lambda^T b &= \mathbb{E}[c + a^T y] \\
&= c + a^T \mathbb{E}[y] \\
&= c + a^T X b
\end{aligned}
$$

Taking $b = 0$, we get that $c = 0$. So for each $b \in \mathbb{R}^p$, $\lambda^T b = a^T X b$. This implies that $\lambda^T = a^T X$ and $\lambda = X^T a$. □

**Definition 2.14.** *Let $\lambda \in R^p$. Then the function $f(b) = \lambda^T b$ is said to be **linearly estimable** if there exists a linear, unbiased estimator for $f(b)$. Equivalently, $f(b) = \lambda^T b$ is linearly estimable if there exists $a \in \mathbb{R}^n$ such that for each $b \in \mathbb{R}^p$ $\mathbb{E}[a^T y] = \lambda^T b$*

**Exercise 2.15.** *Let $\lambda \in \mathbb{R}^p$. Then the following are equivalent:*

*(1) $f(b) = \lambda^T b$ is linearly estimable*
*(2) $\lambda \in \mathcal{C}(X^T)$*
*(3) for each $G \in X^-$ of $X$, $\lambda^T = \lambda^T G X$*
*(4) there exists $G \in X^-$ of $X$ such that $\lambda^T = \lambda^T G X$*

*$f(b) = \lambda^T b$ is linearly estimable iff $\lambda \in \mathcal{C}(X^T)$.*

*Proof.* (1) $\Rightarrow$ (2)
Suppose that $f(b)$ is linearly estimable. Then there exists $a \in \mathbb{R}^n$ such that for each $b \in \mathbb{R}^p$ $\mathbb{E}[a^T y] = \lambda^T b$. Then for each $b \in \mathbb{R}^p$,

$$\lambda^T b = a^T \mathbb{E}[y] = a^T X b$$

Hence $\lambda^T = a^T X$ and $X^T a = \lambda$. So $\lambda \in \mathcal{C}(X^T)$.

(2) $\Rightarrow$ (3)
Suppose that $\lambda \in \mathcal{C}(X^T)$. Let $G \in X^-$. Then $G^T \in (X^T)^-$ Since $\lambda \in \mathcal{C}(X^T)$, there exists $a \in \mathbb{R}^n$ such that $X^T a = \lambda$. A previous exercise tells us that there exists $z \in \mathbb{R}^n$ such that

$$a = G^T \lambda + (I - G^T X^T) z$$

So

$$\begin{aligned}\lambda &= X^T a \\ &= X^T \left[G^T \lambda + (I - G^T X^T) z\right] \\ &= X^T G^T \lambda\end{aligned}$$

Hence $\lambda^T = \lambda^T G X$.

(3) $\Rightarrow$ (4)
Trivial.

(4) $\Rightarrow$ (1)
Suppose that there exists $G \in X^-$ such that $\lambda^T = \lambda^T G X$. Choose $a = G^T \lambda \in \mathbb{R}^n$. Let $b \in \mathbb{R}^p$. Then

$$\begin{aligned}E[a^T y] &= a^T \mathbb{E}[y] \\ &= \lambda^T G \mathbb{E}[y] \\ &= \lambda^T G X b \\ &= \lambda^T b\end{aligned}$$

So $f(b) = \lambda^T b$ is linearly estimable. $\square$

**Definition 2.16.** *Let $\hat{b} \in \mathbb{R}^p$ be a least squares solution and $\lambda \in \mathbb{R}^n$. Then $\hat{f} = \lambda^T \hat{b}$ is said to be a least squares estimator of $f(b) = \lambda^T b$.*

**Exercise 2.17.** *Let $\hat{b} \in \mathbb{R}^p$ be a least squares solution and $\lambda \in \mathbb{R}^p$. Then $\hat{f} = \lambda^T \hat{b}$ is the unique least squares estimator of $f(b) = \lambda^T b$ iff $f(b)$ is linearly estimable.*

*Proof.* Suppose that $f(b) = \lambda^T b$ is linearly estimable. Then $\lambda \in \mathcal{C}(X^T)$. So there exists $a \in \mathbb{R}^n$ such that $\lambda^T = a^T X$. Let $b'$ be a least squares solution. Then there exists $z \in \mathbb{R}^p$ such that

$$b' = (X^TX)^- X^T y + (I - (X^TX)^-(X^TX))z$$

Then

$$\begin{aligned}
\lambda^T b' &= \lambda^T \Big[(X^TX)^- X^T y + (I - (X^TX)^-(X^TX))z\Big] \\
&= a^T X (X^TX)^- X^T y + a^T X (I - (X^TX)^- X^T X) z \\
&= a^T P_X y + a^T (X - P_X X) z \\
&= a^T P_X y
\end{aligned}$$

In particular, $\lambda^T b' = a^T P_X y = \lambda^T \hat{b}$.

Conversely, suppose that $\hat{f} = \lambda^T \hat{b}$ is the unique least squares estimator of $f(b) = \lambda^T b$. Then for each $z \in \mathbb{R}^p$,

$$\lambda^T \hat{b} = \lambda^T (X^TX)^- X^T y + \lambda^T (I - (X^TX)^- X^T X) z$$

So for each $z \in \mathbb{R}^p$,

$$\lambda^T (X^TX)^- X^T y + \lambda^T (I - (X^TX)^- X^T X) z = 0$$

and thus

$$\lambda^T (I - (X^TX)^- X^T X) = 0$$

Therefore

$$\lambda^T = \lambda^T (X^TX)^- X^T X$$

Transposing both sides, we obtain that

$$\lambda = X^T X [(X^TX)^-]^T \lambda \in \mathcal{C}(X^T)$$

So $f(b) = \lambda^T b$ is linearly estimable □

**Exercise 2.18.** *Let $\lambda \in \mathbb{R}^p$ and $\hat{b} \in \mathbb{R}^p$ a least squares solution. If $f(b) = \lambda^T b$ is linearly estimable, then the unique least squares estimator $\hat{f} = \lambda^T \hat{b}$ of $f(b)$ is a linear unbiased estimator of $f(b)$.*

*Proof.* Suppose that $f(b) = \lambda^T b$ is linearly estimable. Then there exists $a \in \mathbb{R}^n$ such that $\lambda^T = a^T X$. The previous exercise tells us that

$$\lambda^T \hat{b} = \lambda^T (X^TX)^- X^T y$$

Thus for each $b \in \mathbb{R}^p$,

$$\begin{aligned}
\mathbb{E}[\lambda^T \hat{b}] &= \mathbb{E}[\lambda^T (X^TX)^- X^T y] \\
&= \lambda^T (X^TX)^- X^T \mathbb{E}[y] \\
&= \lambda^T (X^TX)^- X^T X b \\
&= a^T X (X^TX)^- X^T X b \\
&= a^T P_X X b \\
&= a^T X b \\
&= \lambda^T b
\end{aligned}$$

□

### 2.4. **Imposing Restictions for a Unique Solution.**

**Definition 2.19.** *Let $X \in \mathcal{M}_{n,p}$ with $rank(X) = r$, let $s = p - r$ and $C \in \mathcal{M}_{s,p}$ with $rank(C) = s$ and $\mathcal{C}(X^T) \cap \mathcal{C}(C^T) = \{0\}$ and let $y \in \mathbb{R}^n$. We consider the system*

$$\begin{pmatrix} X^T X \\ C \end{pmatrix} b = \begin{pmatrix} X^T y \\ 0 \end{pmatrix}$$

*or equivalently the system*

$$\begin{pmatrix} X \\ C \end{pmatrix} b = \begin{pmatrix} P_X y \\ 0 \end{pmatrix}$$

*These systems are the* ***restricted normal equations with restrictions*** *$C$.*

**Note 2.20.** *Requiring $rank(C) = s$ means that the rows of $C$ (i.e. the restrictions) are linearly independent. To have a unique solution to*

$$\begin{pmatrix} X \\ C \end{pmatrix} b = \begin{pmatrix} P_X y \\ 0 \end{pmatrix}$$

*we must have*

$$\mathcal{N}\left( \begin{pmatrix} X \\ C \end{pmatrix} \right) = \{0\}$$

*or equivalently,*

$$\mathcal{C}\left( \begin{pmatrix} X^T & C^T \end{pmatrix} \right) = \mathbb{R}^p$$

*Since $rank(X^T) = rank(X) = r$, we have that $\mathcal{C}\left( \begin{pmatrix} X^T & C^T \end{pmatrix} \right) = \mathbb{R}^p$ iff $\mathcal{C}(X^T) \cap \mathcal{C}(C^T) = \{0\}$.*

**Exercise 2.21.** *Under the assumptions for the restricted normal equations, the following systems are equivalent:*

*(1)*

$$\begin{pmatrix} X^T X \\ C \end{pmatrix} b = \begin{pmatrix} X^T y \\ 0 \end{pmatrix}$$

*(2)*

$$\begin{pmatrix} X^T X \\ C^T C \end{pmatrix} b = \begin{pmatrix} X^T y \\ 0 \end{pmatrix}$$

*(3)*

$$(X^T X + C^T C) b = X^T y$$

*Proof.* (1) $\Rightarrow$ (2) We need to show that for each $b \in \mathbb{R}^p$ $Cb = 0$ implies that $C^T C b = 0$. This is immediate since $\mathcal{N}(C^T C) = \mathcal{N}(C)$.

(2) $\Rightarrow$ (3) Let $b \in \mathbb{R}^p$ be a solution to system (1). Then we have that

$$(X^T X + C^T C) b = X^T X b + C^T C b = X^T y + 0 = X^T y$$

(3) $\Rightarrow$ (1) Suppose that $(X^T X + C^T C) b = X^T y$. This implies that $C^T C b = X^T (y - Xb)$. So

$$C^T C b \in \mathcal{C}(C^T C) \cap \mathcal{C}(X^T) = \mathcal{C}(C^T) \cap \mathcal{C}(X^T) = \{0\}$$

Hence $b \in \mathcal{N}(C^TC) = \mathcal{N}(C)$. So $Cb = 0$ and $X^TXb = (X^TX+C^TC)b = X^Ty$, orquivalently,

$$\begin{pmatrix} X^TX \\ C \end{pmatrix} b = \begin{pmatrix} X^Ty \\ 0 \end{pmatrix}$$

$\square$

**Exercise 2.22.** *Under the assumptions for the restricted normal equations, we have the following:*

*(1)* $X^TX + C^TC$ *is invertible*
*(2)* $(X^TX + C^TC)^{-1}X^Ty$ *is the unique solution to* $X^TXb = X^Ty$ *and* $Cb = 0$.
*(3)* $(X^TX + C^TC)^{-1}$ *is a generalized inverse of* $X^TX$
*(4)* $C(X^TX + C^TC)^{-1}X^T = 0$
*(5)* $C(X^TX + C^TC)^{-1}C^T = I$

*Proof.*

(1)

$$\begin{aligned} \mathbb{R}^p &= \mathcal{C}\big( \begin{pmatrix} X^T & C^T \end{pmatrix} \big) \\ &= \mathcal{C}\left( \begin{pmatrix} X^T & C^T \end{pmatrix} \begin{pmatrix} X \\ C \end{pmatrix} \right) \\ &= \mathcal{C}(X^TX + C^TC) \end{aligned}$$

Since $X^TX + C^TC \in \mathcal{M}_{p,p}$ and $rank(X^TX + C^TC) = p$, we have that $X^TX + C^TC$ is invertible.

(2) Put $b = (X^TX + C^TC)^{-1}X^Ty$. Then $(X^TX + C^TC)b = X^Ty$. A previous exercise tells us that $b$ is a solution to the system

$$\begin{pmatrix} X^TX \\ C \end{pmatrix} b = \begin{pmatrix} X^Ty \\ 0 \end{pmatrix}$$

which implies that $X^TXb = X^Ty$ and $Cb = 0$.

(3) From (2), we know that

$$X^TX\left[(X^TX + C^TC)^{-1}X^Ty\right] = X^Ty$$

Since $y \in \mathbb{R}^n$ is arbitrary, we have

$$X^TX(X^TX + C^TC)^{-1}X^T = X^T$$

Multiplying both sides on the right by $X$ tells us that $(X^TX+C^TC)^{-1}$ is a generalized inverse of $X^TX$.

(4) From (2), we know that

$$C(X^TX + C^TC)^{-1}X^Ty = 0$$

Since $y \in \mathbb{R}^n$ is arbitrary,

$$C(X^TX + C^TC)^{-1}X^T = 0$$

(5)

$\square$

### 2.5. Constrained Parameter Space.

**Definition 2.23.** *Let $P \in \mathcal{M}_{p,q}$ and $\delta \in \mathbb{R}^q$. Suppose that $P$ has full column rank. We define the **constrained parameter space** $\mathcal{T} = \{b \in \mathbb{R}^p : P^T b = \delta\}$.*

**Note 2.24.** *Since $P$ has full column rank, $\mathcal{C}(P^T) = \mathbb{R}^q$ and for each $\delta \in \mathbb{R}^q$, $P^T b = \delta$ is consistent. We now fix $P, \delta$ so that $\mathcal{T}$ is fixed.*

**Definition 2.25.** *Let $\lambda \in \mathbb{R}^p$. The function $t(y)$ is said to be a **linear unbiased estimator in** $\mathcal{T}$ for $f(b) = \lambda^T b$ if there exists $a \in \mathbb{R}^n$, $c \in \mathbb{R}$ such that $t(y) = c + a^T y$ and for each $b \in \mathcal{T}$, $\mathbb{E}[t(y)] = \lambda^T b$*

**Definition 2.26.** *Let $\lambda \in \mathbb{R}^p$. The function $f(b) = \lambda^T b$ is said to be **linearly estimable in** $\mathcal{T}$ if there exists a linear unbiased estimator in $\mathcal{T}$ for $f(b) = \lambda^T b$. Equivalently $\lambda^T b$ is linearly estimable in $\mathcal{T}$ if there exist $a \in \mathbb{R}^n$, $c \in \mathbb{R}$ such that for each $b \in \mathcal{T}$, $\mathbb{E}[c + a^T y] = \lambda^T b$.*

**Theorem 2.27.** *Let $\lambda \in \mathbb{R}^p$ and $a \in \mathbb{R}^n$. Then $t(y) = c + a^T y$ is a linear unbiased estimator for $f(b) = \lambda^T b$ iff if there exists $d \in \mathbb{R}^q$ such that $\lambda = X^T a + Pd$ and $c = d^T \delta$.*

**Definition 2.28.** *We define the **normal equations with restrictions** $\mathcal{T}$ to be*

$$\begin{pmatrix} X^T X & P \\ P^T & 0 \end{pmatrix} \begin{pmatrix} b \\ \theta \end{pmatrix} = \begin{pmatrix} X^T y \\ \delta \end{pmatrix}$$

**Theorem 2.29.** *We have the following:*

*(1) The restricted normal equations are consistent.*
*(2) Let $\hat{b}$ be the first component of a solution to the restricted normal equations. Then $Q(\hat{b}) = \min\limits_{b \in \mathcal{T}} Q(b)$.*
*(3) Let $\hat{b}$ be the first component of a solution to the restricted normal equations and $b \in \mathcal{T}$. Then $Q(b) = Q(\hat{b})$ iff $b$ is the first component of a solution of to the restricted normal equations.*

### 2.6. The Gauss-Markov Model.

**Definition 2.30.** *Let $X \in \mathcal{M}_{n,p}$, $y \in \mathbb{R}^n$. We consider the model $y = Xb + e$ where $\mathbb{E}[e] = 0$, $Var(e) = \sigma^2 I_n$. This model is called the **Gauss-Markov model**. Note that $E[y] = Xb$ and $Var(y) = \sigma^2 I$.*

**Theorem 2.31.** *Let $a, c \in \mathbb{R}^n$, $A \in \mathcal{M}_{p,n}$ and $y$ a random vector in $\mathbb{R}^n$. Then*

*(1) $\mathbb{E}[a^T y] = a^T \mathbb{E}[y]$*
*(2) $Var(a^T y) = a^T Var(y) a$*
*(3) $Cov(a^T y, c^T y) = a^T Var(y) c$*
*(4) $Var(Ay) = A^T Var(y) A$*

**Exercise 2.32.** *Let $\lambda^T \in \mathbb{R}^p$ and $\hat{b} \in \mathbb{R}^p$ a least squares solution. Suppose that $f(b) = \lambda^T b$ is linearly estimable. Then the unique least squares estimator $\hat{f} = \lambda^T \hat{b}$ satisfies*

$$Var(\hat{f}) = \sigma^2 \lambda^T (X^T X)^- \lambda$$

*Proof.* Uniqueness of $\hat{f}$ tells us that $\hat{f} = \lambda^T (X^T X)^- X^T y$. A previous exercise tells us that for each gen. inv. $X^-$ of $X$, $\lambda^T = \lambda^T X^- X$. Recall that $(X^T X)^- X^T$ is a gen. inv. of $X$.

Then

$$\begin{aligned}
Var(\hat{f}) &= Var(\lambda^T(X^TX)^- X^T y) \\
&= \lambda^T(X^TX)^- X^T Var(y)(\lambda^T(X^TX)^- X^T)^T \\
&= \sigma^2\lambda^T(X^TX)^- X^T(\lambda^T(X^TX)^- X^T)^T \\
&= \sigma^2\lambda^T(X^TX)^- \Big(\lambda^T(X^TX)^- X^T X\Big)^T \\
&= \sigma^2\lambda^T(X^TX)^-(\lambda^T)^T \\
&= \sigma^2\lambda^T(X^TX)^-\lambda
\end{aligned}$$

□

**Exercise 2.33.** *Let $\lambda \in \mathbb{R}^p$. Suppose that $f(b) = \lambda^T b$ is linearly estimable. Then $\hat{f} = \lambda^T \hat{b}$ is the minimum variance linear unbiased estimator for $f(b)$.*

*Proof.* Let $t(y) = c + a^T y$ be a linear unbiased estimator for $f(b) = \lambda^T b$. Recall that $c = 0$ and $\lambda = X^T a$, $\hat{f} = \lambda^T(X^TX)^- X^T y$ and for each generalized inverse $X^-$ of $X$, $\lambda^T X^- X = \lambda^T$. Then

$$\begin{aligned}
Var(t(y)) &= Var(a^T y) \\
&= Var(\hat{f} + (a^T y - \hat{f})) \\
&= Var(\hat{f}) + Var(a^T y - \hat{f}) + 2Cov(\hat{f}, a^T y - \hat{f})
\end{aligned}$$

Now

$$\begin{aligned}
Cov(\hat{f}, a^T y - \hat{f}) &= Cov(\lambda^T(X^TX)^- X^T y, a^T y - \lambda^T(X^TX)^- X^T y) \\
&= \lambda^T(X^TX)^- X^T Var(y)\Big[a^T - \lambda^T(X^TX)^- X^T\Big]^T \\
&= \sigma^2\lambda^T(X^TX)^- X^T\Big[a^T - \lambda^T(X^TX)^- X^T\Big]^T \\
&= \sigma^2\lambda^T(X^TX)^-\Big[a^T X - \lambda^T(X^TX)^- X^T X\Big]^T \\
&= \sigma^2\lambda^T(X^TX)^-\Big[a^T X - \lambda^T(X^TX)^- X^T X\Big]^T \\
&= \sigma^2\lambda^T(X^TX)^-\Big[a^T X - \lambda^T\Big]^T \\
&= \sigma^2\lambda^T(X^TX)^-(X^T a - \lambda) \\
&= 0
\end{aligned}$$

Hence $Var(t(y)) = Var(\hat{f}) + Var(a^T y - \hat{f}) \geq Var(\hat{f})$ □

**Theorem 2.34.**

(1) *For each $A, B \in \mathcal{M}_{n,n}$ and $\alpha \in \mathbb{R}$, $\mathrm{tr}(\alpha A + B) = \alpha\,\mathrm{tr}(A) + \mathrm{tr}(B)$.*
(2) *For each $A \in \mathcal{M}_{n,p}$ and $B \in \mathcal{M}_{p,n}$, $\mathrm{tr}(AB) = \mathrm{tr}(BA)$.*
(3) *For each random matrix $Z \in \mathcal{M}_{n,n}$, $\mathbb{E}[\mathrm{tr}(Z)] = \mathrm{tr}(\mathbb{E}[Z])$.*

**Exercise 2.35.** *Let $z \in \mathbb{R}^p$ be a random vector. Suppose that $\mathbb{E}[z] = \mu$ and $Var(z) = \Sigma$. Then for each $A \in \mathcal{M}_{p,p}$,*

$$\mathbb{E}[z^T A z] = \mu^T A \mu + \operatorname{tr}(A\Sigma)$$

*Proof.* Note that

$$\mathbb{E}[z^T A z] = \mathbb{E}[(z-\mu)^T A (z-\mu)] + \mathbb{E}[\mu^T A (z-\mu)] + \mathbb{E}[z^T A \mu]$$

Observe that

$$\begin{aligned}
\mathbb{E}[(z-\mu)^T A (z-\mu)] &= \mathbb{E}[\operatorname{tr}((z-\mu)^T A (z-\mu))] \\
&= \mathbb{E}[\operatorname{tr}((A(z-\mu)(z-\mu)^T)] \\
&= \operatorname{tr}(\mathbb{E}[(A(z-\mu)(z-\mu)^T]) \\
&= \operatorname{tr}(A\mathbb{E}[(z-\mu)(z-\mu)^T]) \\
&= \operatorname{tr}(A\Sigma)
\end{aligned}$$

and that

$$\begin{aligned}
\mathbb{E}[\mu^T A (z-\mu)] &= \mathbb{E}[\mu^T A (z-\mu)] \\
&= \mu^T A \mathbb{E}[z-\mu] \\
&= 0
\end{aligned}$$

and that

$$\begin{aligned}
\mathbb{E}[z^T A \mu] &= \mathbb{E}[z^T] A \mu \\
&= \mu^T A \mu
\end{aligned}$$

Thus $\mathbb{E}[z^T A z] = \mu^T A \mu + \operatorname{tr}(A\Sigma)$. □

**Definition 2.36.** *Put $\hat{e} = y - \hat{y} = (I - P_X)y$. Then the* ***sum of squares error****, $SSE$, is defined to be $SSE = \hat{e}^T \hat{e} = y^T (I - P_X) y$.*

**Exercise 2.37.** *Let $r = rank(X)$. Define*

$$\hat{\sigma}^2 = \frac{SSE}{n-r}$$

*Then $\hat{\sigma}^2$ is an unbiased estimator for $\sigma^2$.*

*Proof.* The previous exercise tells us that

$$\begin{aligned}
\mathbb{E}[SSE] &= \mathbb{E}[y^T (I - P_X) y] \\
&= b^T X^T (I - P_X) X b + \sigma^2 \operatorname{tr}(I - P_X) \\
&= \sigma^2 \operatorname{tr}(I - P_X) \\
&= \sigma^2 \operatorname{rank}(I - P_X) \\
&= \sigma^2 nullity(X^T) \\
&= \sigma^2 (n - r)
\end{aligned}$$

So $\mathbb{E}[\hat{\sigma}^2] = \sigma^2$. □

2.7. **The Aitken Model.**

**Definition 2.38.** *Let* $X \in \mathcal{M}_{n,p}$, $y \in \mathbb{R}^n$ *and* $V \in \mathcal{M}_{n,n}$. *We consider the model* $y = Xb + e$ *where* $\mathbb{E}[e] = 0$, $Var(e) = \sigma^2 V$. *This model is called the* ***Aitken model***. *Note that* $E[y] = Xb$ *and* $Var(y) = \sigma^2 V$.

**Definition 2.39.** *Let* $R \in \mathcal{M}_{n,n}$. *Suppose that* $R$ *is invertible and* $RVR^T = I$ *or equivalently,* $V = (R^T R)^{-1}$. *We define the* ***transformed Aitken model*** *by* $z = Ry$, $U = RX$, $f = Re$ *so that*

$$z = Ub + f$$

*Note that*

$$E[z] = RXb = Ub$$

*and*

$$Var(f) = RVar(e)R^T = \sigma^2 RVR^T = \sigma^2 I$$

**Definition 2.40.** *Under the transformed Aitken model, we can can look for solutions* $b \in \mathbb{R}^p$ *to the normal equations*

$$U^T Ub = U^T z$$

*When we transform back to the Aitken model, we have the* ***Aitken equations***

$$X^T V^{-1} Xb = X^T V^{-1} y$$

*We denote a solution to the Aitken equations by* $\hat{b}_{GLS}$ *and a solution to the normal equations by* $\hat{b}_{OLS}$