



#### The Statistical Sommelier: An

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## **Audit Access Expires Aug. 12, 2019**

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# **Quick Question**

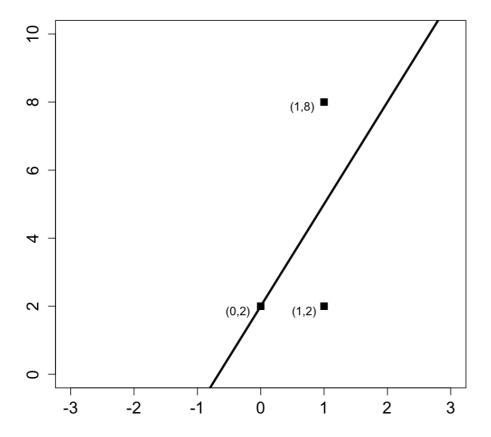
## **Quick Question**

0/4 points (graded)

The following figure shows three data points and the best fit line

$$y = 3x + 2$$
.

The x-coordinate, or "x", is our independent variable and the y-coordinate, or "y", is our dependent variable.



Please answer the following questions using this figure.

What is the baseline prediction?



## **Explanation**

The baseline prediction is the average value of the dependent variable. Since our dependent variable takes values 2, 2, and 8 in our data set, the average is (2+2+8)/3 = 4.

What is the Sum of Squared Errors (SSE)?



## **Explanation**

The SSE is computed by summing the squared errors between the actual values and our predictions. For each value of the independent variable (x), our best fit line makes the following predictions:

If 
$$x = 0$$
,  $y = 3(0) + 2 = 2$ ,

If 
$$x = 1$$
,  $y = 3(1) + 2 = 5$ .

Thus we make an error of 0 for the data point (0,2), an error of 3 for the data point (1,2), and an error of 3 for the data point (1,8). So we have  $SSE = 0^2 + 3^2 + 3^2 = 18$ .

What is the Total Sum of Squares (SST)?

0

X Answer: 24

0

#### **Explanation**

The SST is computed by summing the squared errors between the actual values and the baseline prediction. From the first question, we computed the baseline prediction to be 4. Thus the SST is:

$$SST = (2 - 4)^2 + (2 - 4)^2 + (8 - 4)^2 = 24.$$

What is the R<sup>2</sup> of the model?

0

**X** Answer: 0.25

0

#### **Explanation**

The R<sup>2</sup> formula is:

$$R^2 = 1 - SSE/SST$$

Thus using our answers to the previous questions, we have that  $R^2 = 1 - 18/24 = 0.25$ .

Submit

You have used 5 of 5 attempts

**1** Answers are displayed within the problem