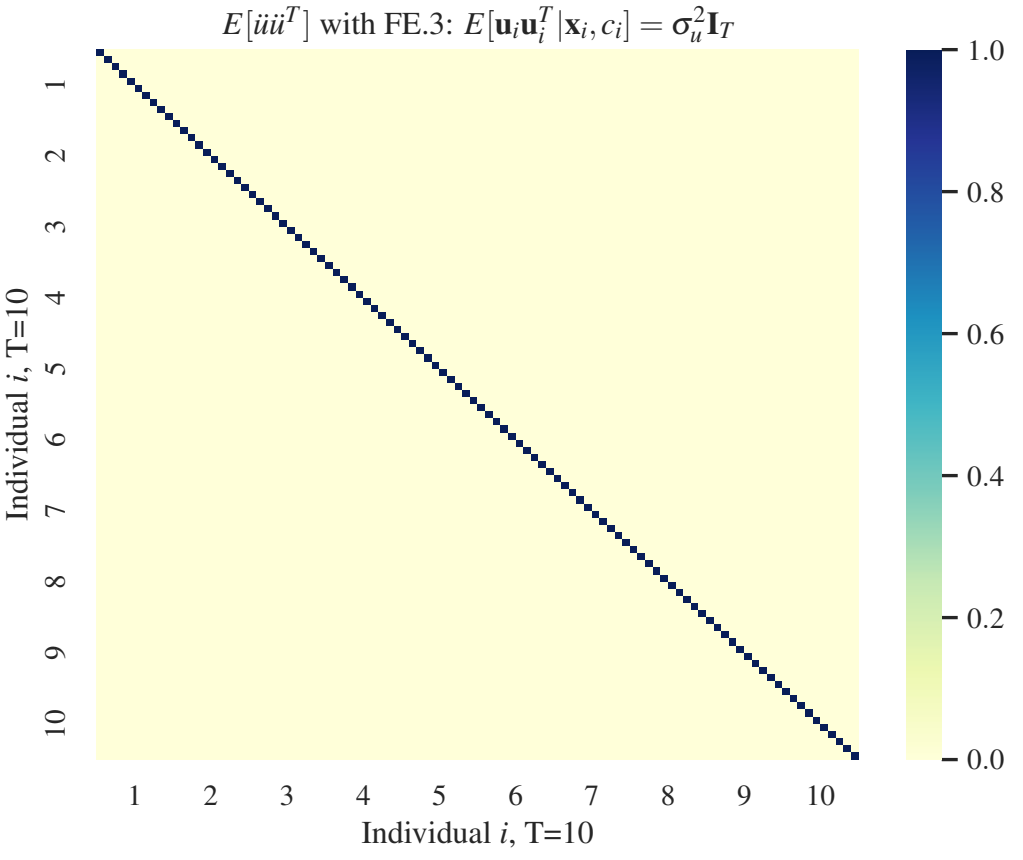
$E[\ddot{u}\ddot{u}^T]$ with FE.3: $E[\mathbf{u}_i\mathbf{u}_i^T|\mathbf{x}_i, c_i] = \sigma_u^2\mathbf{I}_T$
Individual i, T=10
1
2
3
4
5
6
7
8
9
10
Individual i, T=10
1
2
3
4
5
6
7
8
9
10
1.0
0.8
0.6
0.4
0.2
0.0