

MLE for $\hat{\beta}_0$

$$L = -\frac{n}{2} \ln(2\pi) - \frac{n}{2} \ln(\sigma^2) - \frac{1}{2\sigma^2} \sum_{i=1}^n (y_i - \beta_0 - \beta_1 x_i)^2$$

To maximize: $\frac{\partial L}{\partial(\hat{\beta}_0)} = 0$

$$-\frac{1}{2\sigma^2} \sum_{i=1}^n (-2y_i + 2\beta_0 + 2\beta_1 x_i) = 0$$

$$-\frac{1}{2\sigma^2} (2\beta_0 n + \sum_{i=1}^n (-2y_i + 2\beta_1 x_i)) = 0$$

$$-\frac{\beta_0 n}{\sigma^2} - \frac{\sum_{i=1}^n (-2y_i + 2\beta_1 x_i)}{2\sigma^2} = 0$$

$$\frac{2 \sum_{i=1}^n y_i}{2\sigma^2} - \frac{2\beta_1 \sum_{i=1}^n x_i}{2\sigma^2} = \frac{\beta_0 n}{\sigma^2}$$

$$\hat{\beta}_0 = \frac{1}{n} \sum_{i=1}^n y_i - \frac{1}{n} \beta_1 \sum_{i=1}^n x_i$$

MLE for β_1

$$\frac{\partial \mathcal{L}}{\partial \beta_1} = -\frac{1}{\sigma^2} \sum_{i=1}^n (y_i - \beta_0 - \beta_1 x_i) x_i = 0$$

$$\sum_{i=1}^n (y_i x_i) - \sum_i \beta_0 x_i - \sum_i \beta_1 x_i^2 = 0$$

$$n \bar{y \cdot x} - \beta_0 n \bar{x} - n \beta_1 (\overline{x^2}) = 0$$

$$\overline{y \cdot x} - (\bar{y} - \beta_1 \bar{x}) \bar{x} - \beta_1 \overline{x^2} = 0$$

$$\text{cov}(x, y) + \bar{x} \cdot \bar{y} - \bar{x} \bar{y} - (\beta_1 \overline{x^2}) - \beta_1 (\overline{x^2}) = 0$$

$$\text{cov}(x, y) + \beta_1 (-\bar{x}^2 + \overline{x^2}) = 0$$

$$\hat{\beta}_1 = \frac{-\text{cov}(x, y)}{\overline{x^2} - \bar{x}^2} = \frac{\text{cov}(x, y)}{\text{var}(x)} = \hat{\beta}$$

$$\text{var}(x) = \overline{x^2} - \bar{x}^2$$

y & x → dependent thus

$$\overline{xy} = \text{cov}(x, y) + \bar{x} \bar{y}$$