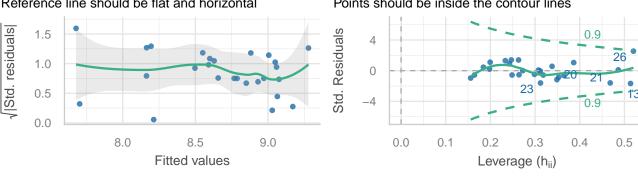
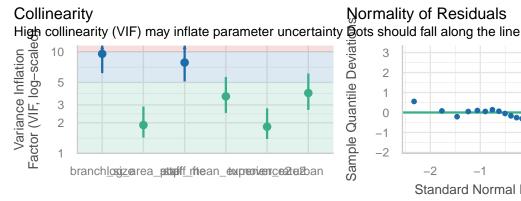
## Posterior Predictive Check Linearity Model-predicted lines should resemble observed data lineeference line should be flat and horizontal 1.2 0.2 0.9 0.1 Residuals Density 0.0 0.6 -0.10.3 -0.20.0 7.5 8.0 8.5 9.0 8.0 8.5 9.0 9.5 Fitted values log\_profits Observed data — Model-predicted data Homogeneity of Variance Influential Observations Reference line should be flat and horizontal Points should be inside the contour lines





Low (< 5)

Moderate (< 10)

