

y

$$\hat{y} = \hat{\beta}_0 + \hat{\beta}_1 \cdot x$$

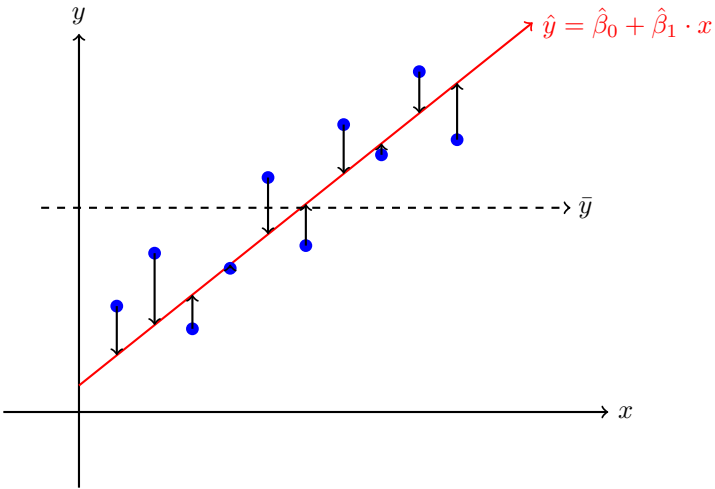
 \bar{y} x 

Figure 1: A simple linear regression illustration with residuals shown. Blue points are observed data, red line is the model, dashed line is the average of y , and black lines represent residuals $y_i - \hat{y}_i$.