

EC203 – Applied Econometrics

Term 2, Week 10

Sushil Mathew



Recap

OLS (Ordinary Least Squares)

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- If some conditions/assumptions are met. OLS is the best algorithm (or estimator) to draw line through points (BLUE – Best Linear Unbiased Estimator)

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- $cov(\varepsilon_i, \varepsilon_j|X) = 0$: **My error is not correlated with your error**