

EPPS 6316 : Recitation Session #2

Sep. 14. 2012

Questions?

- You learned :
- OLS
- Assumptions for OLS
- etc.

Problem 1

Show covariance between ϵ_1, ϵ_2 , w.r.t ϵ_1, ϵ_2 (equation ?)

Problem 2

OLS is to obtain the parameter estimates by minimizing RSS(Residual Sum of Squares). Thus, why do we need the process of minimizing RSS ? Explain the reason.

Problem 3

Harder Problem;

From Problem2, show the equation for estimate β , $b = \frac{\sum x_i y_i}{\sum x_i}$