

$$b = \frac{n \sum XY - \sum X \sum Y}{n \sum X^2 - (\sum X)^2}$$

$$= \frac{10(491415) - (495)(1024)}{10(27225) - (495)^2}$$

$$= -\frac{15430}{27225}$$

$$b = -0.567$$

$$a = \bar{Y} - b\bar{X}$$

$$a = 102.4 + 0.567(49.5)$$

$$a = 130.46$$

$$\hat{Y} = a + bX$$

$$= 130.46 - 0.567X$$

Due to change in X, Y is decreasing 0.567 units

Correlation:

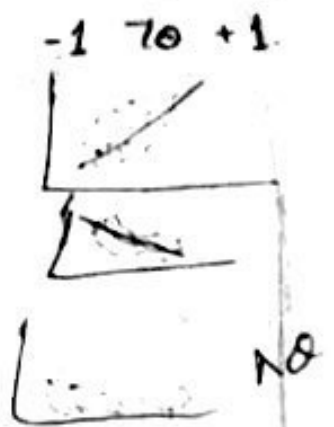
↳ "linear association b/w two variables is called correlation."

→ It is denoted by "r". It ranges from -1 to +1.

→ +1 for perfect +ve, upward trend

-1 for perfect -ve, downward trend

0 for no relationship.



$$r = \frac{n \sum XY - \sum X \sum Y}{\sqrt{[n \sum X^2 - (\sum X)^2][n \sum Y^2 - (\sum Y)^2]}}$$

↳ Def: Two variables are said to be correlated if they tend to simultaneously vary in some direction. If both variables are tend to increase or decrease in some direction then it is +ve correlation & if one variable increase & other one decreases then -ve correlation.

Q. Example Num 10.1:-

	Y	XY	X^2	Y^2
1	2	2	1	4
2	5	10	4	25
3	3	9	9	9
4	8	32	16	64
5	7	35	25	49
<u>15</u>	<u>25</u>	<u>88</u>	<u>55</u>	<u>151</u>

$$r = \frac{n \sum XY - \sum X \sum Y}{\sqrt{[n \sum X^2 - (\sum X)^2][n \sum Y^2 - (\sum Y)^2]}}$$

$$= \frac{5(88) - (15)(25)}{\sqrt{[5(55) - (15)^2][5(151) - (25)^2]}}$$

$$= \frac{65}{80.6225}$$

$$r = 0.80$$

So, it is a strong +ve linear relationship.

3. Difference b/w Correlation & Regression.

In correlation both variables are random variables, i.e. there is no distinction b/w dependent variables & independent variables.

But in regression, we are interested in determining the dependence of one variable on other variable.

