

ECO240 Quiz 4 (May 11, 2018)

Given the following sample data on Price and Sales of Sandwiches sold in student cafeteria, answer the questions.

Price (X)	Sales (Y)
5	110
4	150
3	220

1. Derive regression line describing the relationship between Price and Sales.

2. Calculate the errors for each observation. (Error = Actual Y – Predicted Y).

Price (X)	Sales (Y)	Predicted Y	Error
5	110		
4	150		
3	220		

3. Draw a figure including (a) data points, (b) regression line (derived from part 1), (c) error for each observation (derived from part 2) to explain the concept of regression line. Set Price on the x-axis and Sales on the y-axis