Monday, August 29, 2016 1:06 PM

Regression Analysis (Econometric)

1. Theory Law of Demand : $Q = f(P)$

2. Mathematatic Model

$$Q = \beta_0 + \beta_1 P$$

3. Econometric Model

$$Q = \beta_0 + \beta_1 P + e \Rightarrow Y = \beta_0 + \beta_1 X + e$$

4. Observe Data $\Rightarrow$ Q & P

5. Estimate Parameter

$\boxed{\text{OLS}}$

$$\beta_1 = \frac{\sum (X_i - \bar{X})(Y_i - \bar{Y})}{\sum (X_i - \bar{X})^2}$$