

IE 360 Statistical Forecasting and Time Series

Homework 2, due December 11th, 2020

Instructions: Please solve the following exercises using R (<http://www.r-project.org/>) or Python (<https://www.python.org/>). You are expected to use GitHub Classroom and present your work as an html file (i.e. web page) on your progress journals. There are alternative ways to generate an html page for you work:

- A Jupyter Notebook including your codes and comments. This works for R and Python, to enable using R scripts in notebooks, please check:
 - <https://docs.anaconda.com/anaconda/navigator/tutorials/r-lang/>
 - <https://medium.com/@kyleake/how-to-install-r-in-jupyter-with-irkernel-in-3-steps-917519326e41>

Things are little easier if you install Anaconda (<https://www.anaconda.com/>). Please export your work to an html file. Please provide your *.ipynb file in your repository and a link to this file in your html report will help us a lot.

- A Markdown html document. This can be created using RMarkdown for R and Python-Markdown for Python

Note that html pages are just to describe how you approach to the exercises in the homework. They should include your codes. You are also required to provide your R/Python codes separately in the repository so that anybody can run it with minimal change in the code. This can be presented as the script file itself or your notebook file (the one with *.ipynb file extension).

The last and the most important thing to mention is that academic integrity is expected! Do not share your code (except the one in your progress journals). You are always free to discuss about tasks but your work must be implemented by yourself. As a fundamental principle for any educational institution, academic integrity is highly valued and seriously regarded at Boğaziçi University.

Central Bank of the Republic of Turkey provides several economy related measures on their Electronic Data Delivery System: <https://evds2.tcmb.gov.tr/>. If you click “All Series” link on the upper menu, you will see the data categories in an alphabetical order on the left. Figure 1 shows some part of this menu. Once you click one of the categories, you will be able to see the available data under the corresponding category. Figure 2 provides an example for “Housing and Construction Statistics”.

Requirements

The aim of this homework is to provide a demonstration of your time series data manipulation skills on a selection of time series data from the provided link. You are free to choose the type of the series you are willing to work on as long as your selection has the following properties:

1. There should be series from at least 3 different categories of data (i.e. Exchange Rates, Price Indices and Employment Statistics)
2. The observations are sampled at most monthly level (i.e. frequency of the observations is at most monthly)
3. The length of the period for the observations is at least 2 years for each series.

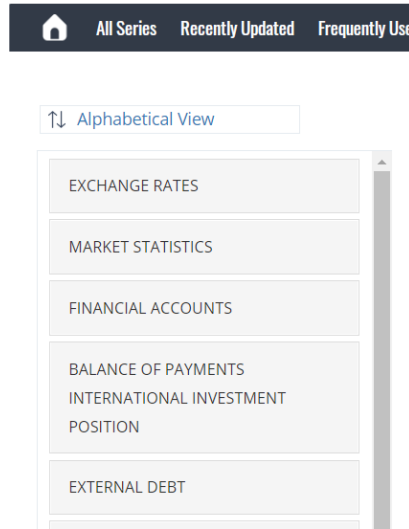


Figure 1. Series categories from Electronic Data Delivery System on <https://evds2.tcmb.gov.tr/>

You are expected to make your series selections so that your visualizations and analyses make sense. To be more clear, the selected data should not be irrelevant. You can start with a relevant research question such as: “Are house sales statistics related to housing unit prices, exchange rates, consumer price index and etc.?” Any relevant analysis will be accepted as long as you clearly motivate your purpose. Please note that this is just to show your time series data manipulation and visualization skills so do not go into complex analysis of the chosen data. You will be evaluated based on the following criteria:

- Format (10 points)
- Soundness of your research question (20 points) – An introduction section
- Data manipulation and visualization (60 points) – An analysis section where you read and merge the data, create time series objects, visualize data, find correlations and comment based on your research question and findings.
- Concluding remarks (10 points) – A conclusion section

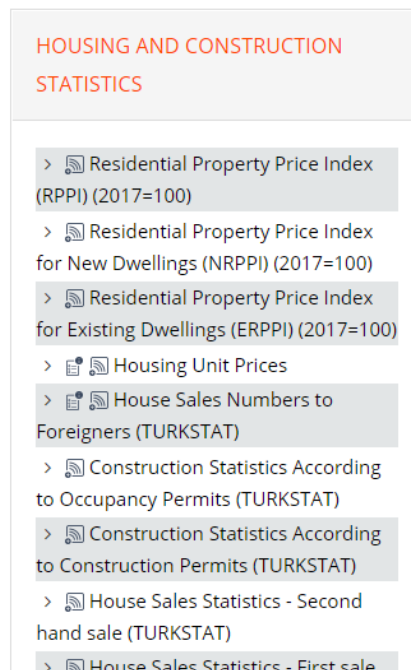


Figure 2. Series available under “Housing and Construction Statistics” category