

Task 3: Time Series Analysis - Air Passengers Dataset

1. Import Libraries

```
import pandas as pd
import numpy as np
import matplotlib.pyplot as plt
from statsmodels.tsa.seasonal import seasonal_decompose
from statsmodels.tsa.arima.model import ARIMA
from sklearn.metrics import mean_squared_error
```

2. Load Dataset (directly from GitHub raw link)

```
url = "https://raw.githubusercontent.com/jbrownlee/Datasets/master/airline-passengers.csv"
df = pd.read_csv(url, parse_dates=['Month'], index_col='Month')
df.rename(columns={'Passengers': 'Passengers'}, inplace=True)

print("Data Head:\n", df.head())
```

3. Resample to Quarterly (optional example)

```
quarterly = df.resample('Q').mean()
print("\nQuarterly Data Head:\n", quarterly.head())
```

4. Trend/Seasonality Decomposition

```
decomposition = seasonal_decompose(df['Passengers'], model='multiplicative') #
Decompose only the 'Passengers' column

fig = decomposition.plot()
fig.set_size_inches(12, 8)
```

```
plt.show()
```

5. Moving Averages

```
df['MA_6'] = df['Passengers'].rolling(window=6).mean()
```

```
df['MA_12'] = df['Passengers'].rolling(window=12).mean()
```

```
plt.figure(figsize=(12, 6))
```

```
plt.plot(df['Passengers'], label='Actual')
```

```
plt.plot(df['MA_6'], label='6-Month MA', linestyle='--')
```

```
plt.plot(df['MA_12'], label='12-Month MA', color='red')
```

```
plt.legend()
```

```
plt.title('Moving Averages Smoothing')
```

```
plt.show()
```

6. ARIMA Forecasting

```
# Split dataset
```

```
train = df.iloc[:-12]
```

```
test = df.iloc[-12:]
```

```
# Fit SARIMA model
```

```
model = ARIMA(train['Passengers'], order=(2,1,1), seasonal_order=(1,1,1,12)) # Fit ARIMA  
on 'Passengers' column
```

```
result = model.fit()
```

```
# Forecast
```

```
forecast = result.forecast(steps=12)
```

```
rmse = np.sqrt(mean_squared_error(test['Passengers'], forecast)) # Calculate RMSE using
'Passengers' column of test set

print(f"RMSE: {rmse:.1f} passengers")
```

```
# Plot forecast vs actual
```

```
plt.figure(figsize=(12,6))

plt.plot(train.index, train['Passengers'], label='Training Data')

plt.plot(test.index, test['Passengers'], label='Actual', color='blue')

plt.plot(test.index, forecast, label='Forecast', color='red', linestyle='--')

plt.fill_between(test.index, forecast*0.8, forecast*1.2, alpha=0.2, color='gray')

plt.title(f"ARIMA Forecast (RMSE={rmse:.1f})")

plt.legend()

plt.show()
```

Output:

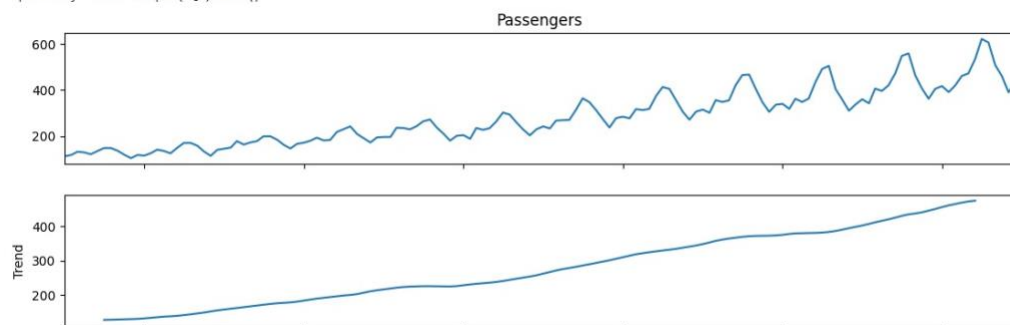
Data Head:

Passengers	
Month	
1949-01-01	112
1949-02-01	118
1949-03-01	132
1949-04-01	129
1949-05-01	121

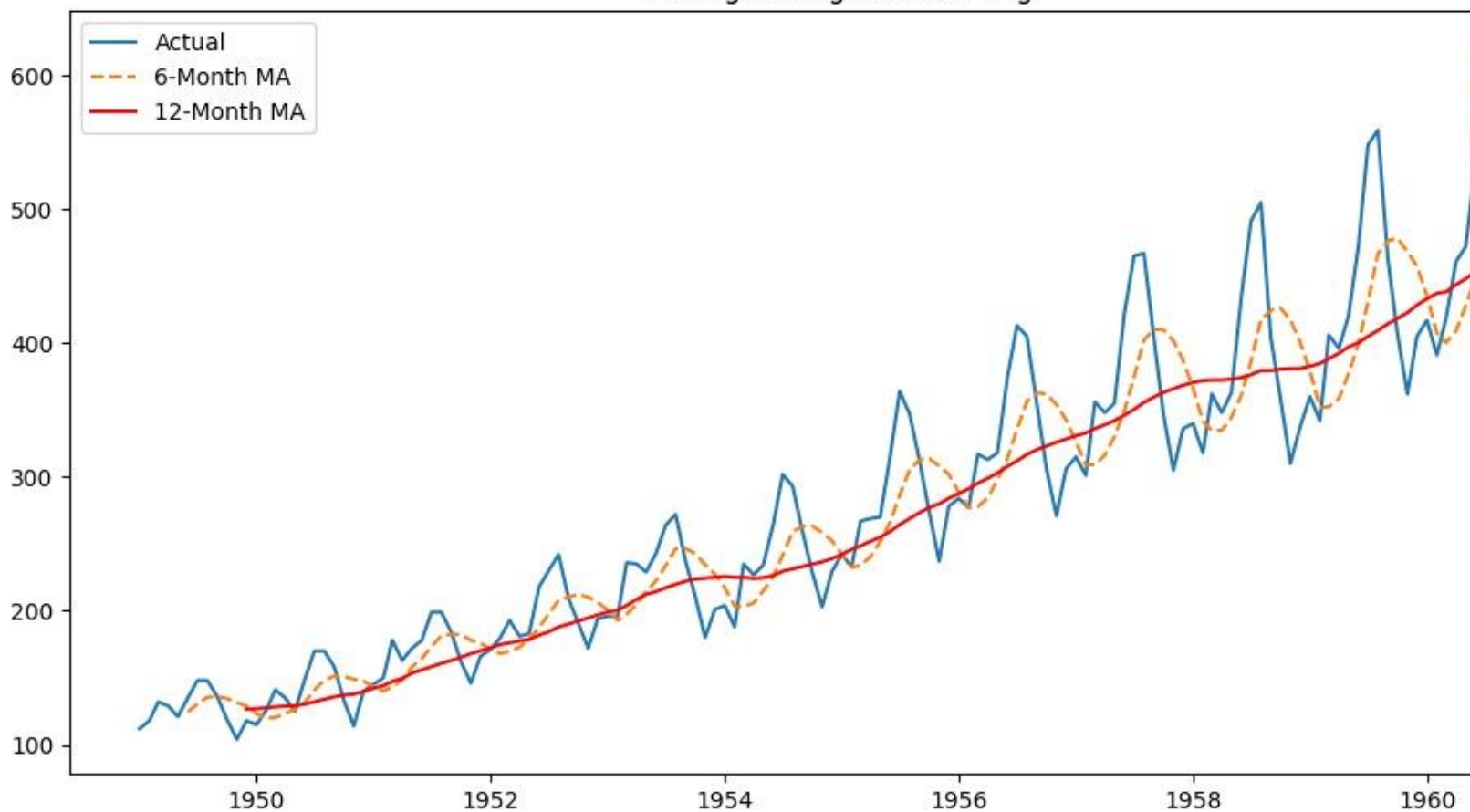
Quarterly Data Head:

Passengers	
Month	
1949-03-31	120.666667
1949-06-30	128.333333
1949-09-30	144.000000
1949-12-31	113.666667
1950-03-31	127.333333

/tmp/ipython-input-1356391056.py:19: FutureWarning: 'Q' is deprecated and will be removed in a future version, please use 'QE' instead.
quarterly = df.resample('Q').mean()



Moving Averages Smoothing



ARIMA Forecast (RMSE=21.2)

