

# STAT 478 Project

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Mar 19, 2023

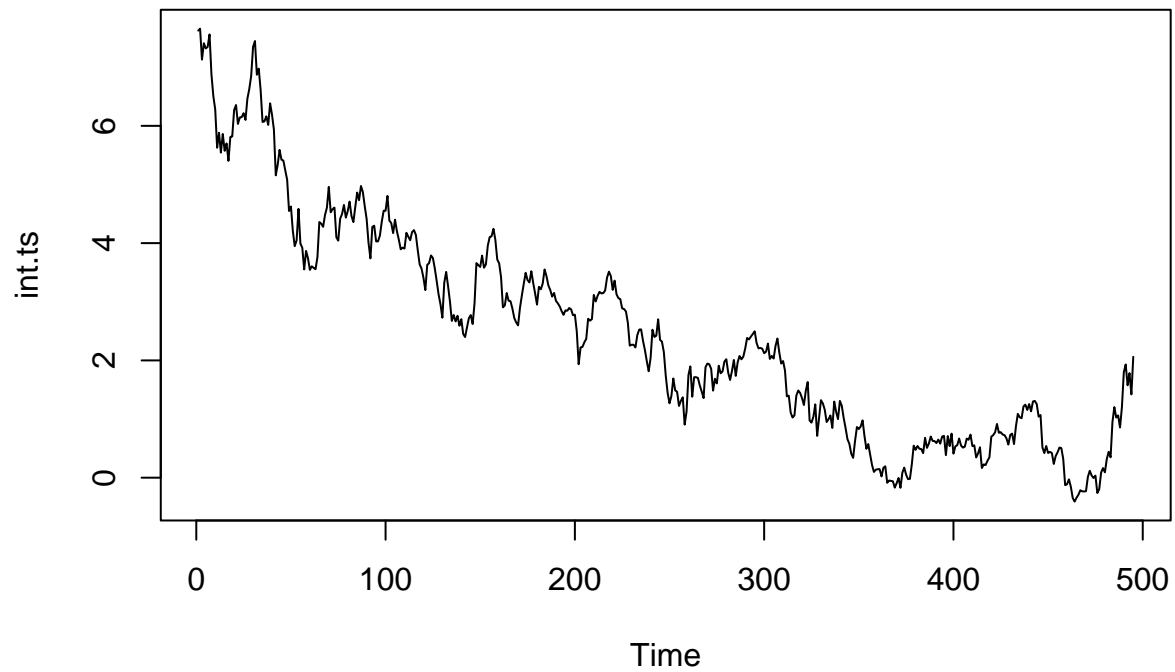
```
# check if `tidyr` package is installed; otherwise, install  
# and load if 'tidyr' is absent  
if (!require("tidyr")) install.packages("tidyr", repos = "https://cloud.r-project.org")  
  
# load libraries  
  
# rename  
library(dplyr)
```

---

## Overview

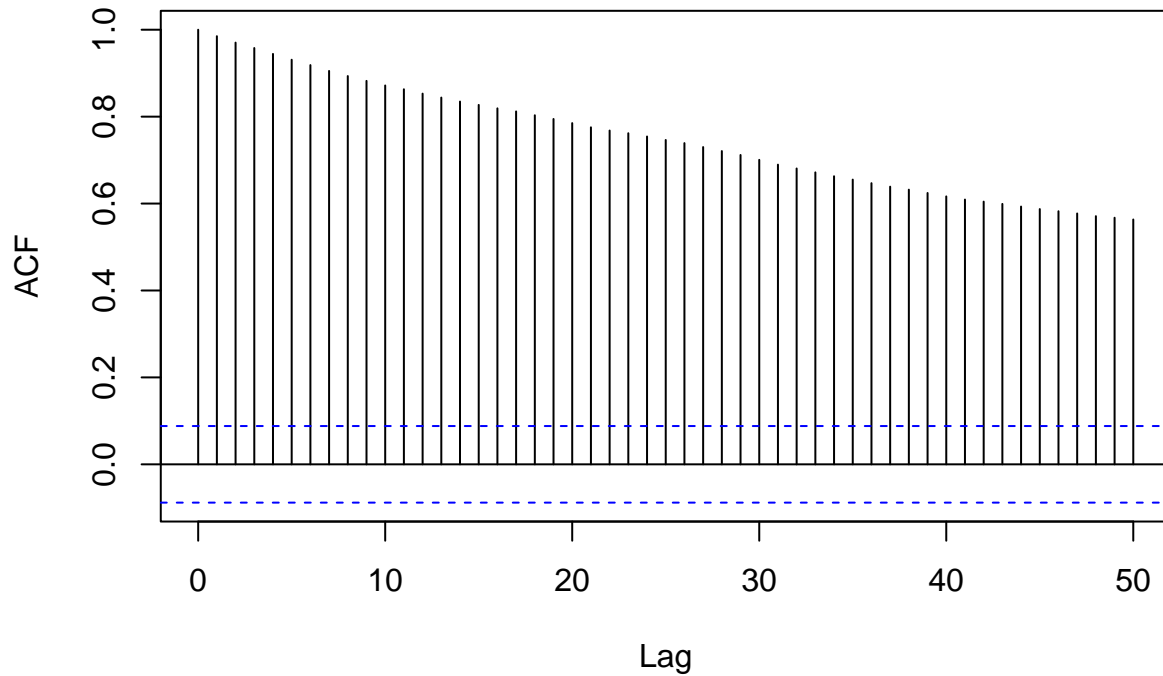
The Fred STL dataset tracks the 10-Year Real Interest Rate in the United States. The 10-Year Real Interest Rate provides valuable insights into the state of the economy and the financial market, as it provides a measure of the real cost of borrowing and the expected return on investment. When the 10-Year Real Interest Rate is low, it can stimulate economic growth by making borrowing cheaper and encouraging investment. When the 10-Year Real Interest Rate is high, it can restrict economic growth by increasing the cost of borrowing and reducing investment.

```
# read in data set  
int_rate <- read.csv("RIRA10Y.csv")  
  
# rename columns for easier data manipulation  
int_rate <- int_rate %>%  
  rename(INT_RATE_10Y = REAINTRATREARAT10Y)  
  
# convert date to type(date)  
int_rate <- int_rate %>%  
  mutate(DATE = as.Date(DATE, sep = "-", "%Y-%m-%d"))  
str(int_rate)  
  
## 'data.frame':   495 obs. of  2 variables:  
##  $ DATE          : Date, format: "1982-01-01" "1982-02-01" "1982-03-01" ...  
##  $ INT_RATE_10Y: num  7.62 7.66 7.13 7.41 7.32 ...  
  
int.ts <- ts(int_rate$INT_RATE_10Y)  
plot(int.ts)
```



```
int_acf = acf(int_rate$INT_RATE_10Y, lag.max = 50, type = "correlation",
              main = "ACF of Project Data")
```

### ACF of Project Data



1. Problem definition
2. Data description
3. Data Analysis

4. Model specification and fitting
5. Model validation and diagnostics
6. Forecasting