SECTION B

Answer **two** questions from this section, and **one** further question if you answer only one question from Section A.

4. (a) The demand for a product (number of telephones sold by a shop) in each of the last eight months is shown below.

Month	1	2	3	4	5	6	7	8
Demand	121	134	149	151	170	184	201	211

For example in month 7 201 telephones were sold by the shop.

Apply a four month moving average to generate a forecast for the demand for telephones in month 9.

Apply exponential smoothing with a smoothing constant of 0.1 to generate a forecast for the demand for telephones in month 9.

Which of these forecasts do you prefer and why?

(b) Discuss two situations relating to forecasting in business in which you might use time series forecasting methods.