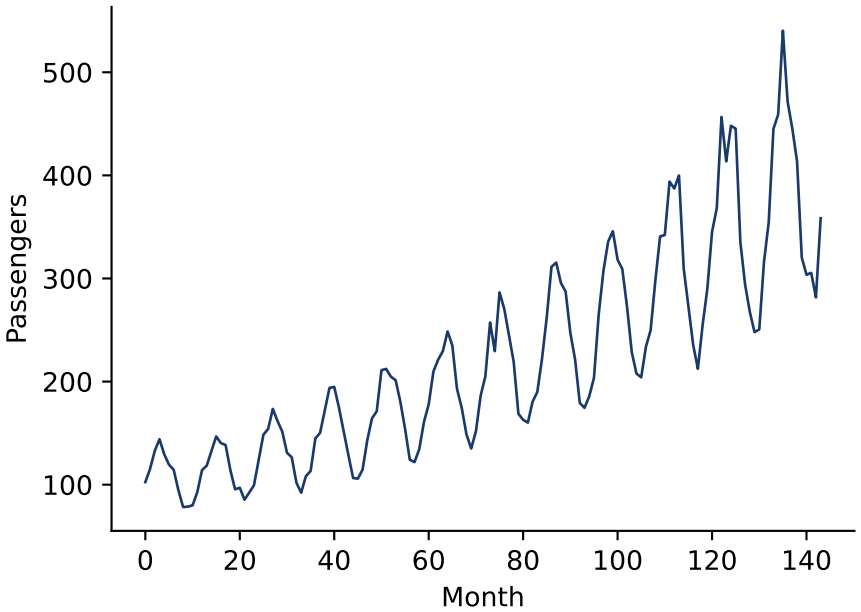

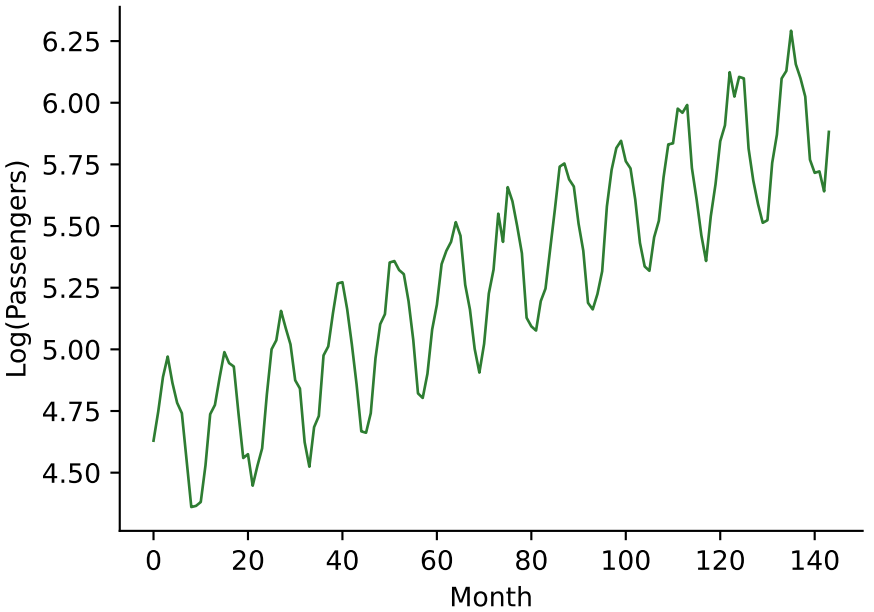

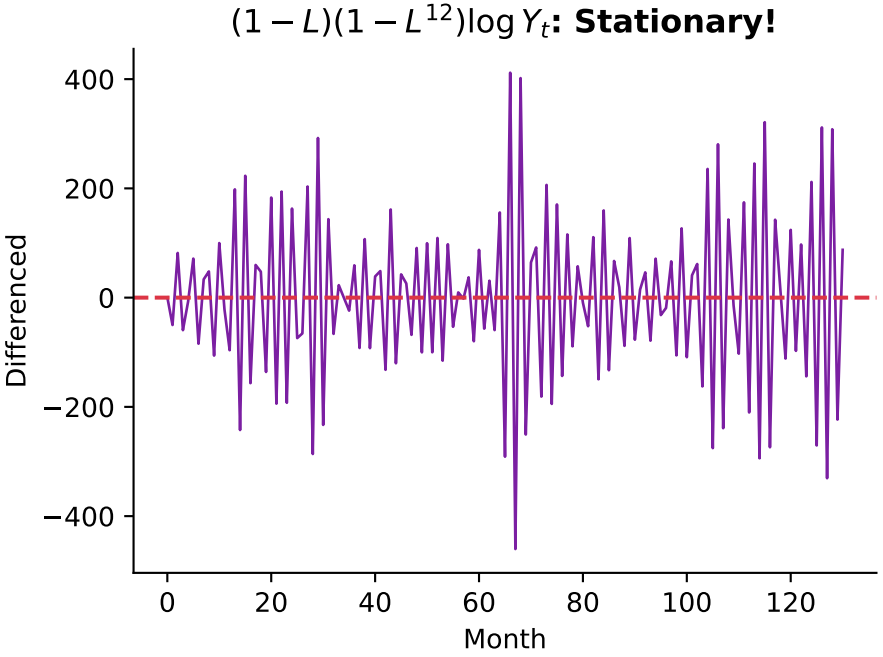

The Airline Model

$\text{SARIMA}(0,1,1) \times (0,1,1)_{12}$

$$(1-L)(1-L^{12})Y_t = (1+\theta L)(1+\Theta L^{12})\varepsilon_t$$

Only 2 parameters: θ and Θ

Why famous?

- Fits many seasonal economic series remarkably well
- Extremely parsimonious (just 2 parameters)
- Box & Jenkins (1970) airline passenger data