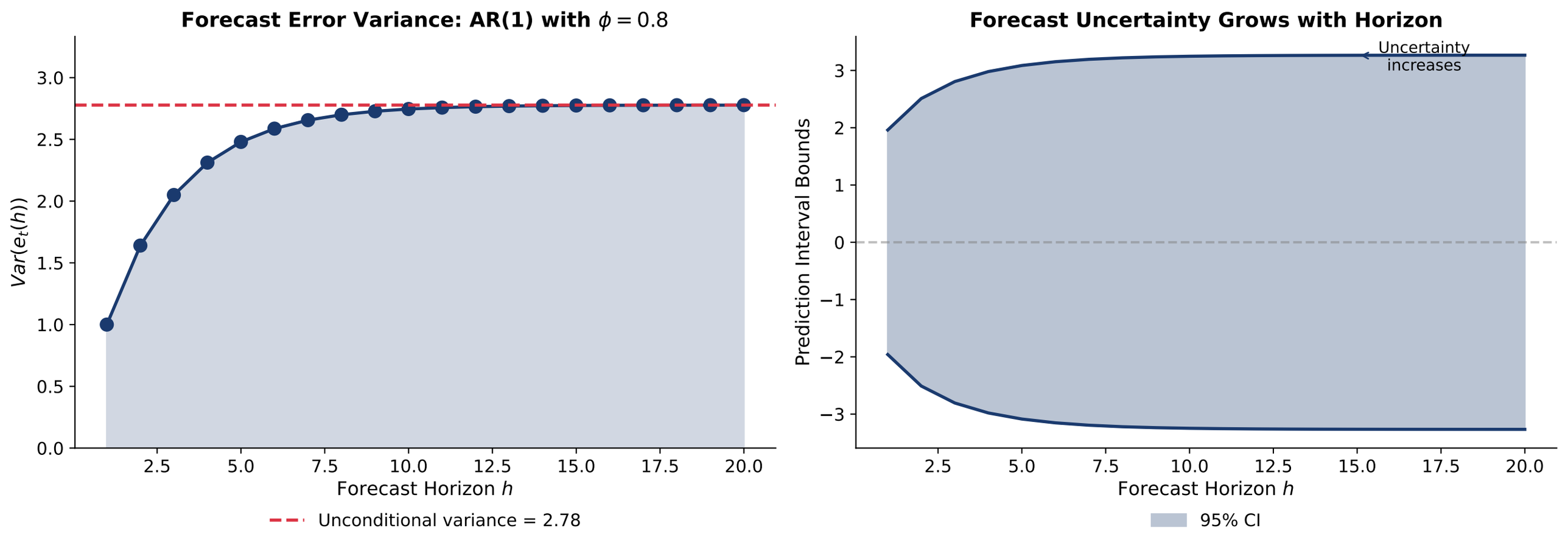
Forecast Error Variance: AR(1) with $\phi = 0.8$
$Var(e_t(h))$
Forecast Horizon h
Unconditional variance = 2.78
Forecast Uncertainty Grows with Horizon
Prediction Interval Bounds
Uncertainty increases
Forecast Horizon h
95% CI