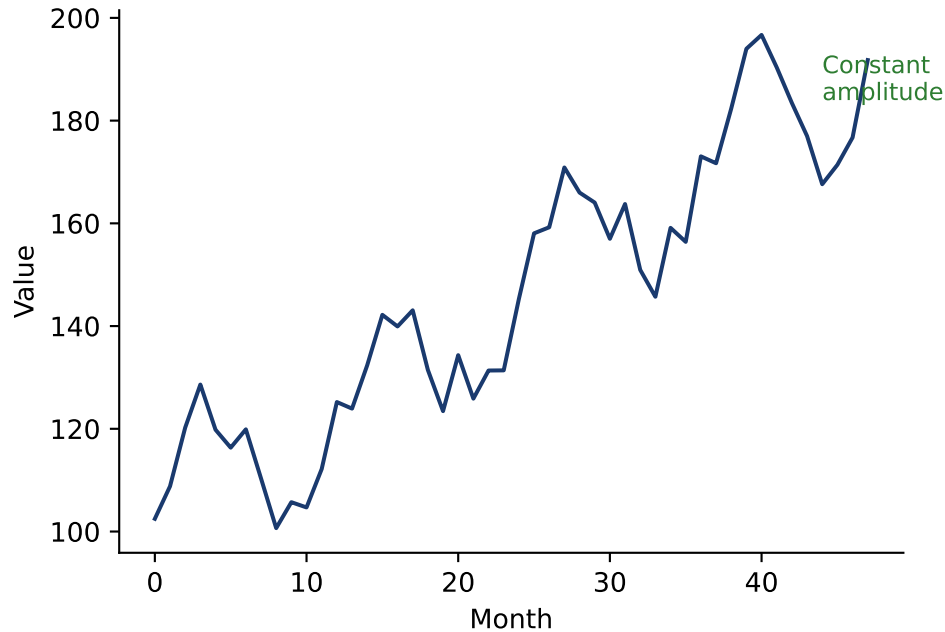
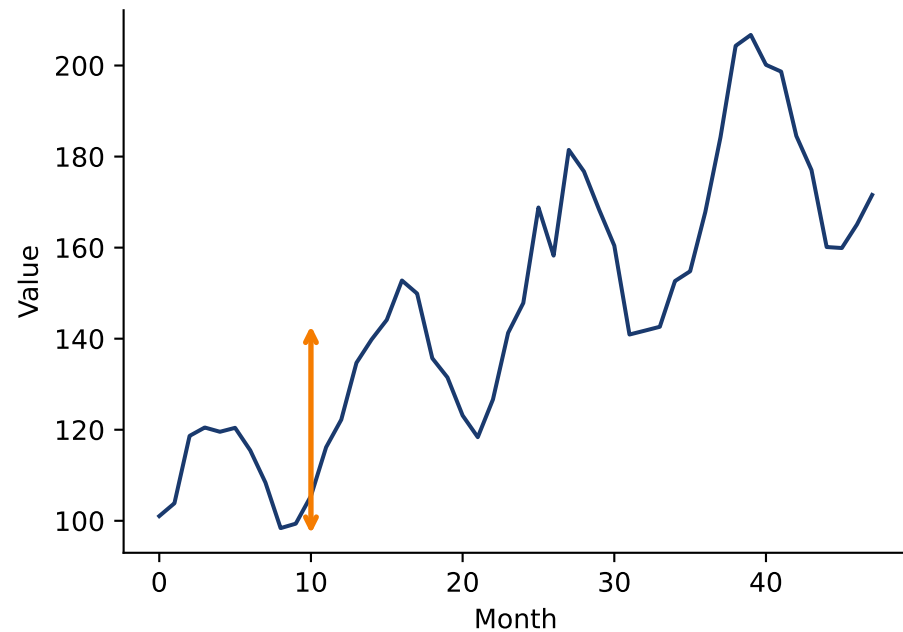


**Additive:**  $Y_t = T_t + S_t + \varepsilon_t$



**Multiplicative:**  $Y_t = T_t \times S_t \times \varepsilon_t$



### When to use which?

#### **ADDITIVE**

Seasonal amplitude  
is **CONSTANT**

Variance stable

#### **MULTIPLICATIVE**

Seasonal amplitude  
**GROWS** with level

*Use log transform!*

### Visual Diagnostic

