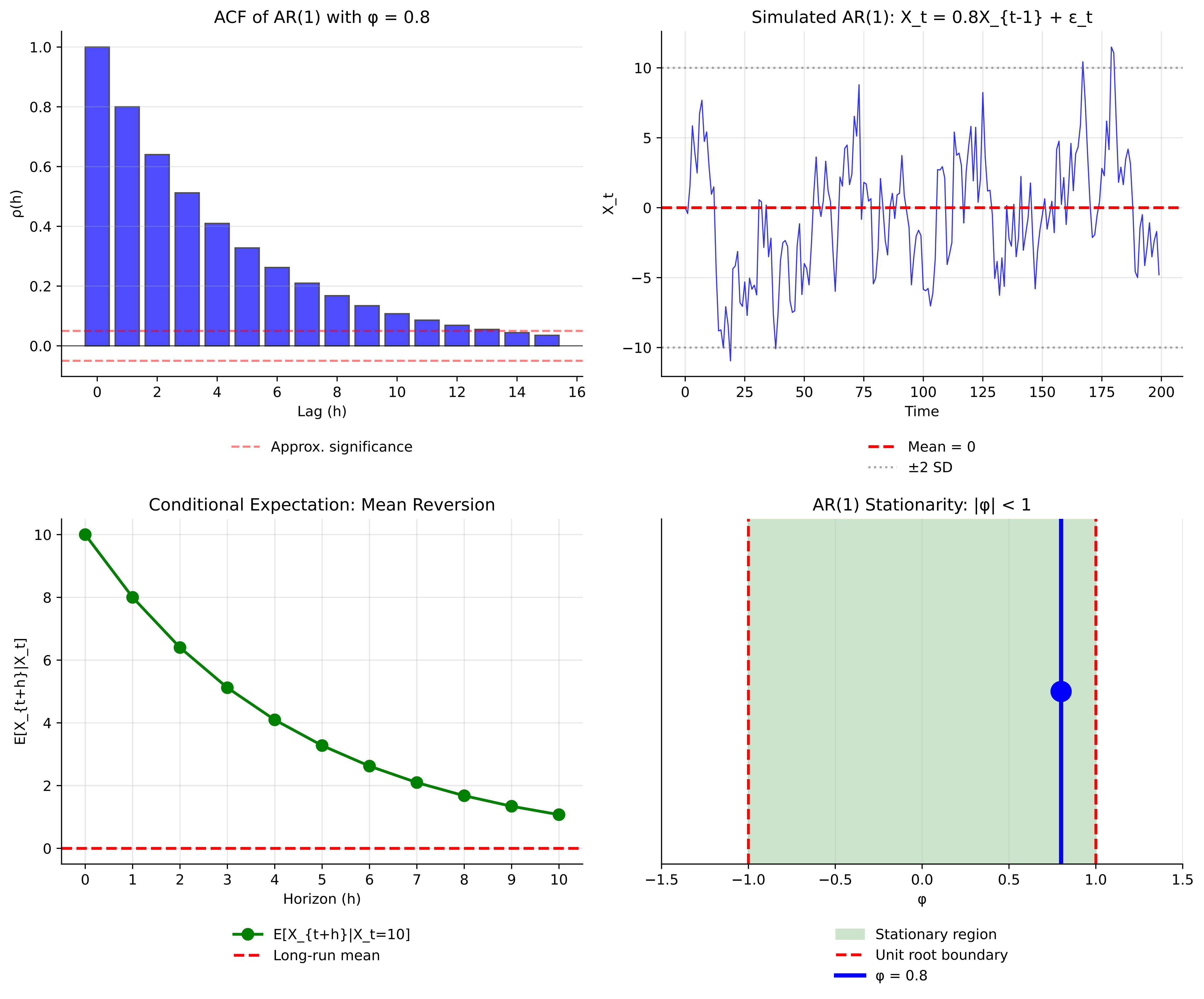
ACF of AR(1) with φ = 0.8
ρ(h)
Lag (h)
Approx. significance
Simulated AR(1): X_t = 0.8X_{t-1} + ε_t
X_t
Time
Mean = 0
±2 SD
Conditional Expectation: Mean Reversion
E[X_{t+h}|X_t]
Horizon (h)
E[X_{t+h}|X_t=10]
Long-run mean
AR(1) Stationarity: |φ| < 1
φ
Stationary region
Unit root boundary
φ = 0.8