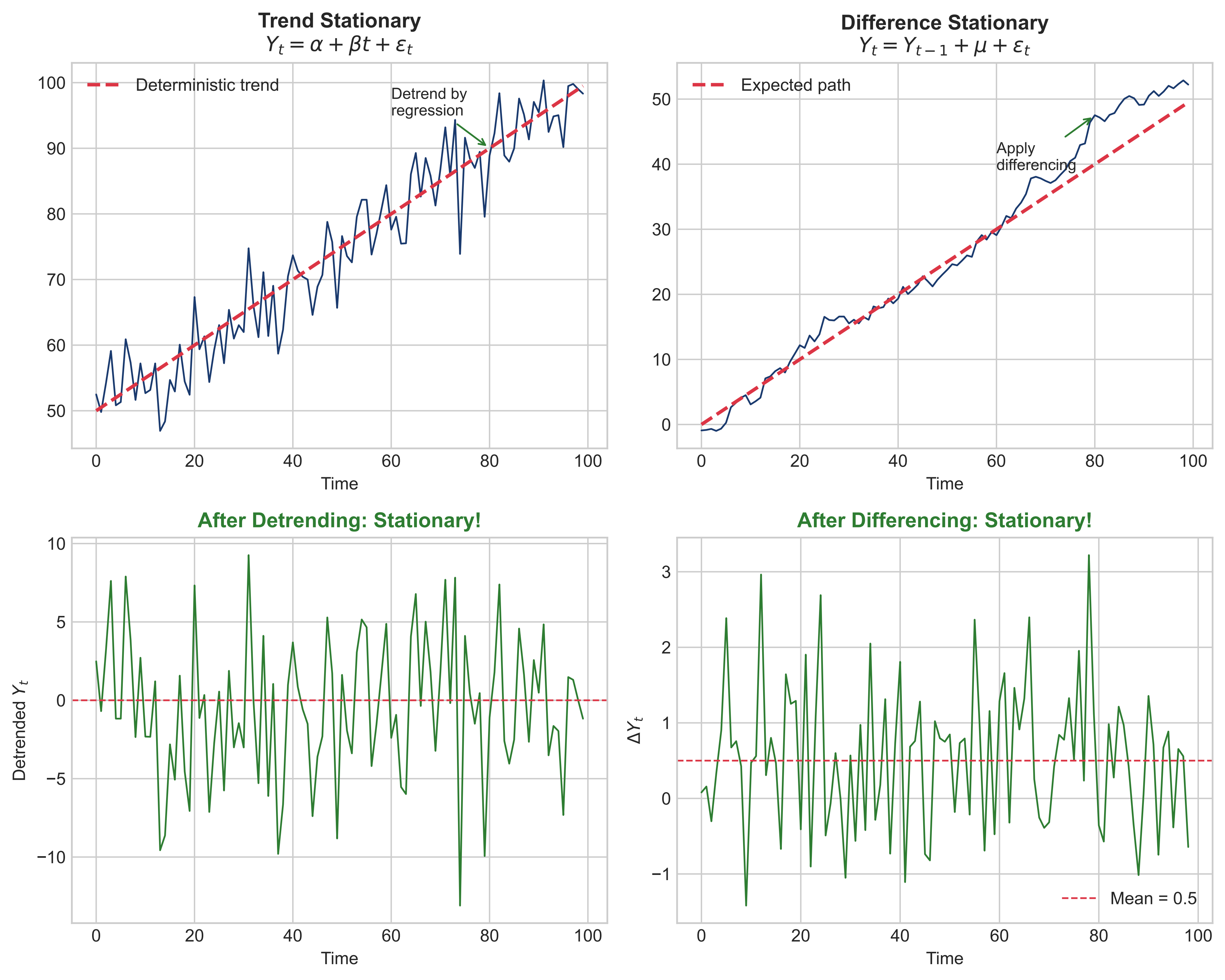

Trend Stationary
$Y_t = \alpha + \beta t + \varepsilon_t$
Deterministic trend
Detrend by regression
Time
Difference Stationary
$Y_t = Y_{t-1} + \mu + \varepsilon_t$
Expected path
Apply differencing
Time
After Detrending: Stationary!
Detrended $Y_t$
Time
After Differencing: Stationary!
$\Delta Y_t$
Mean = 0.5
Time