

ARMA Parameter Estimation Methods

Yule-Walker	Maximum Likelihood	Conditional LS
<p>Pros:</p> <ul style="list-style-type: none">+ Simple computation+ Closed-form solution <p>Cons:</p> <ul style="list-style-type: none">- AR only- Less efficient	<p>Pros:</p> <ul style="list-style-type: none">+ Most efficient+ Works for ARMA <p>Cons:</p> <ul style="list-style-type: none">- Iterative- Local optima risk	<p>Pros:</p> <ul style="list-style-type: none">+ Simple to implement+ Fast computation <p>Cons:</p> <ul style="list-style-type: none">- Biased for small n- Ignores initial values

**Recommendation: Use MLE for final estimation,
Yule-Walker for initial values**