ARIMA Modelling

A requirement for fitting an ARIMA model is that the time-series is stationary. Stationary time series are time-series where the mean value doesn’t change over time, the variance doesn’t increase and the seasonality effect is minimal. Two tests were used to test for stationarity of the data. The Augmented Dickey-Fuller test (AGF) checks whether the time series has a unit root, which would be evidence that the time series is non-stationary. The null-hypothesis is that the time-series has a unit-root and therefore is non-stationary. The alternative hypothesis is that the Data is stationary. Therefore a p-value lower than the significance level indicates that the time series is stationary. The Kwiatkowski-Phillips-Schmidt-Shin test (KPSS) is also a unit root test. It tests for the stationarity of a given series around a deterministic trend. In contrast to AGF the null-hypothesis is stationarity. Therefore a high p-value indicates that the time-series is stationary.

<http://r-statistics.co/Time-Series-Analysis-With-R.html?utm_content=cmp-true>

<https://www.analyticsvidhya.com/blog/2021/06/statistical-tests-to-check-stationarity-in-time-series-part-1/#How_to_Check_Stationarity>?