

22.2 Seasonal Adjustments and Differencing

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Additive or multiplicative seasonal adjustments

$$Y_t = \rho_1 Y_{t-1} + \beta_1 X_{t-1} + \phi_{\text{July}} \cdot D_{\text{July}} + \phi_{\text{Dec}} \cdot D_{\text{Dec}}$$

\uparrow
Coefficient \uparrow
1 or a

$$\ln Y_t = \rho_1 \ln Y_{t-1} + \beta_1 \ln X_{t-1} + \phi_{\text{July}} \cdot D_{\text{July}} + \phi_{\text{Dec}} \cdot D_{\text{Dec}}$$