

Assignment 4 - Forecasting (Bonus)

26. The closing value of the AMEX Airline Index for each trading day for a one-year period is given in the file P12_17.xlsx.

- a. How well does the moving average method track this series when the span is 4; when the span is 12?
- b. Using the more appropriate span, forecast the closing value of this index on the next trading day with the moving average method.

62. The file P12_62.xlsx contains data on a motel chain's revenue and advertising.

- a. Use these data and multiple regression to make predictions of the motel chain's revenues during the next four quarters. Assume that advertising during each of the next four quarters is \$50,000.

(Hint: Try using advertising, lagged by one quarter, as an explanatory variable.)

- b. Use simple exponential smoothing to make predictions for the motel chain's revenues during the next four quarters
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