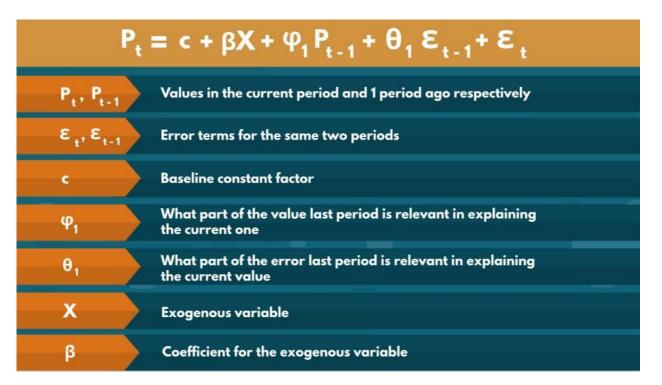
The ARMAX Model

Full Name:

The Autoregressive Moving Average eXogenous Model

Mathematical Notation:



Description:

The ARMAX is an extension of the ARIMA model, which incorporates other **exogenous** variables.

These variables can be pretty much anything that can have an affect on the values we are trying to estimate. The only requirement is that we have data available for every time period we are interested in. Thus, we often rely on other time series as the exogenous components in the regression.

These models are great, when a big part of the change period to period cannot be explained by past values and past errors alone, so including other relevant values might be of great help (like the prices for an index of a market of a neighbouring country).



The ARMAX Model

Implementation of the Simple Model in Python:

