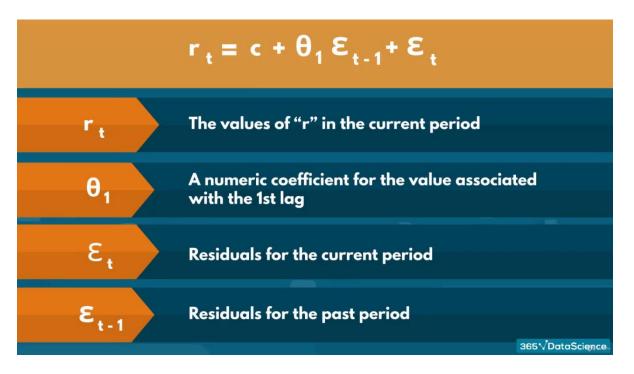
The MA Model

Full Name:

The Moving Average Model

Mathematical Notation:



Description:

The name of the model comes from the moving averages of fixed period intervals as we cruise move through the data set.

This implies that there are other factors apart from the previous values of the variable that need to be accounted for. Therefore, if we know how far off our predictions were last time, then we have a better chance of estimating the prices better this time.

This is why, these models incorporate past residuals (also known as error terms) to help us improve our estimations. These make sure our model handles unexpected shocks well, which is why it's also known as a smoothing model.

The MA Model

Implementation of the Simple Model in Python:

