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Week 8 Reading

1. In the nonparametric approach, only the deterministic component of the model needs specification and the method of ordinary least squares is used to determine the model parameters. The parametric approach needs specification of the deterministic and stochastic components of the model and uses maximum likelihood.
2. Interpolation refers to predictions made within the range of measured data, whereas extrapolation refers to predictions outside the range of data.
3. Extrapolation is subject to error because it is dependent on the choice of model to make predictions outside the range of data, potentially leading to very different predictions.