PART 1:

These exercises are from the book, pages 353-359:

- Problem 1,
- Problem 2,
- Exercises 1.a, 1.b, 2.a, 15.a, 15.b, 15.c

PART 2:

1. By using the time series plots of the monthly data in WILL5000PRFC file:

a. Describe the time series components (if any) by using the graph only?

b. Calculate autocorrelations (ACF), and partialautocorrelation (PACF) and generate a correlogram for the ACF and PACF

c. Describe the data based on ACF and PACF.

d. Does an MA and AR model, or combination of both, fit better? Why?

2. Take the first difference of the data and repeated Exercise 1.

3. By using the first difference data determine an ARIMA(p,d,q). You should use AIC or BIC as your selection criteria.

4. Estimate the selected model.

5. Forecast three periods in the future.