

### **Assignment 1: Forecasting sales and earnings per share**

For the first assignment, we will forecast both sales and earnings per share. From the WRDS database, collect data on year-end Sales per share and Earnings per share. Using data from the previous year's financial statements and any other relevant data that would have been available at the time, come up with a set of variables that you think may predict the following year's sales and earnings. As a first step, you can estimate your prediction model with a linear regression. You may then want to try non-linear models that account for the possibility that your explanatory variables predict sales and earnings differently for different types of firms.

We will ask half of the groups to initially forecast sales and the other half to initially forecast earnings. After the groups present their initial findings, we will have the groups switch tasks.