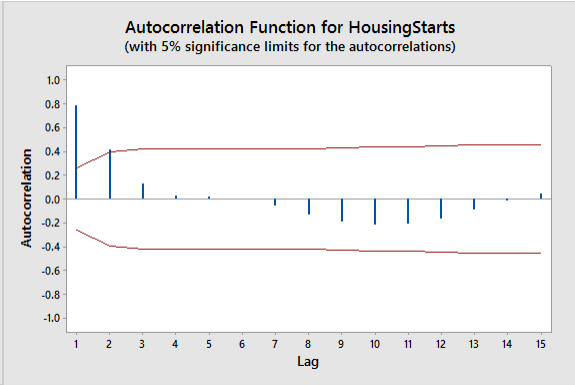
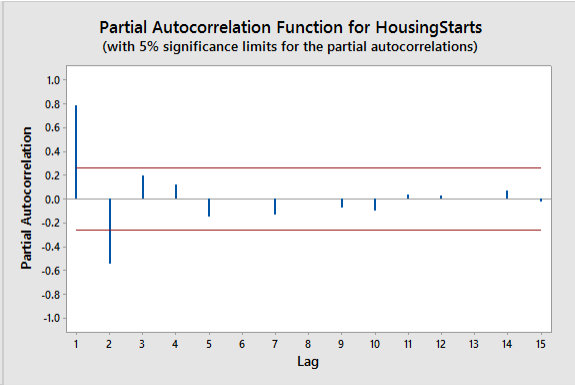
2.

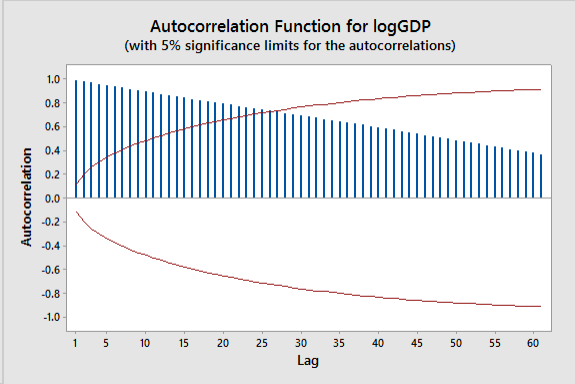
Housing Starts series:

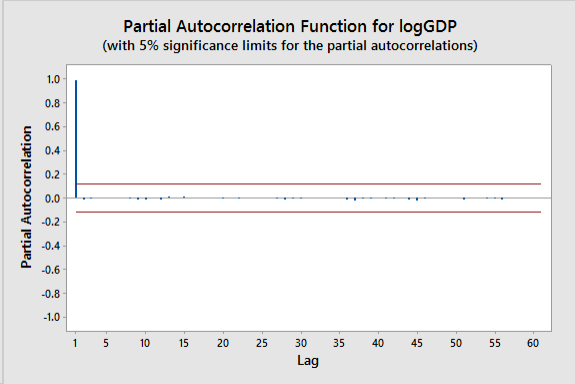




It looks like a MA(1) or AR(2) model

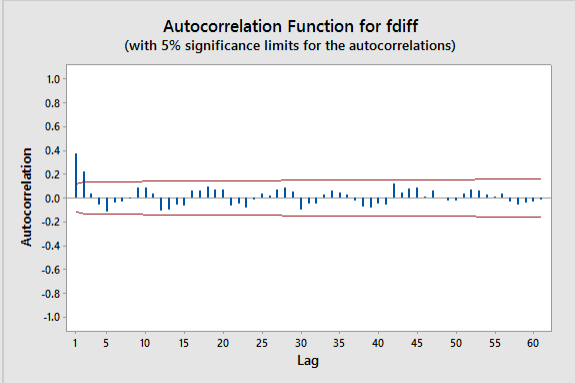
Log GDP series:

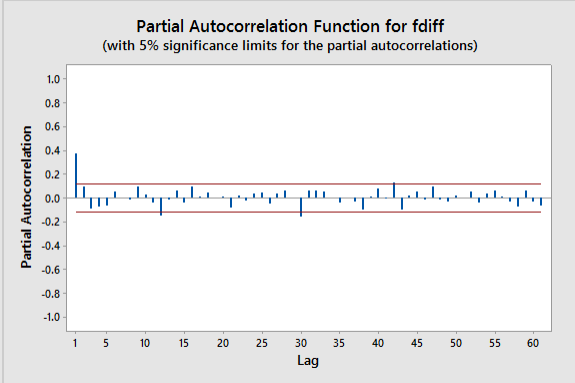




It looks like a MA(25) or AR(1) model.

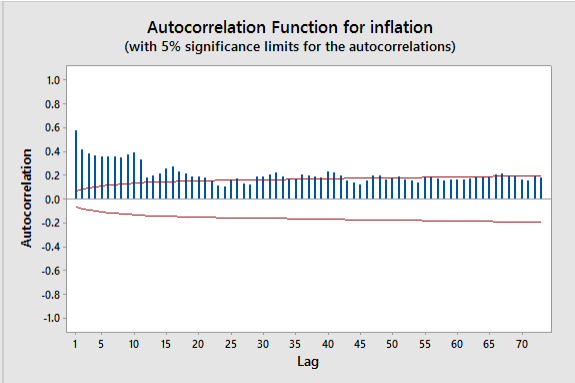
First difference of log of GDP series:

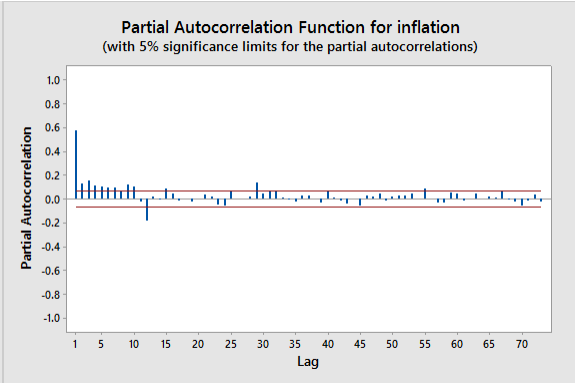




It looks like both models are dyeing down and thus it can be any MA(2) or AR(11) model. This can lead to an ARMA model by definition.

Inflation:





It looks like a AR(12) model. At ACF plot is dyeing down and we cannot predict MA(p) value.

5. C.

ARIMA Model: logGDP

Estimates at Each Iteration

Iteration	SSE	Parameters		
0	1.83272	0.100	0.100	0.086
1	0.11182	0.250	0.055	0.023
2	0.02357	0.326	0.070	0.007
3	0.02133	0.337	0.089	0.005
4	0.02131	0.339	0.093	0.004
5	0.02131	0.339	0.093	0.004
6	0.02131	0.339	0.093	0.004

Relative change in each estimate less than 0.001

Final Estimates of Parameters

Type	Coef	SE Coef	T-Value	P-Value
AR 1	0.3387	0.0596	5.68	0.000
AR 2	0.0935	0.0596	1.57	0.118
Constant	0.004379	0.000520	8.42	0.000

Differencing: 1 regular difference

Number of observations: Original series 283, after differencing 282

Residual Sums of Squares

DF	SS	MS
279	0.0212927	0.0000763

Back forecasts excluded

Modified Box-Pierce (Ljung-Box) Chi-Square Statistic

Lag	12	24	36	48
Chi-Square	15.69	29.73	43.87	62.25
DF	9	21	33	45
P-Value	0.074	0.098	0.098	0.045

Forecasts from period 282

		95% Limits		
Period	Forecast	Lower	Upper	Actual
283	9.75001	9.73289	9.76714	9.75056