Poll questions

Often if the stationary series has positive autocorrelation at lag 1, AR terms work best

Often if it has negative autocorrelation at lag 1, MA terms work best

ACF describes how well the present value of the series is related with its past values.

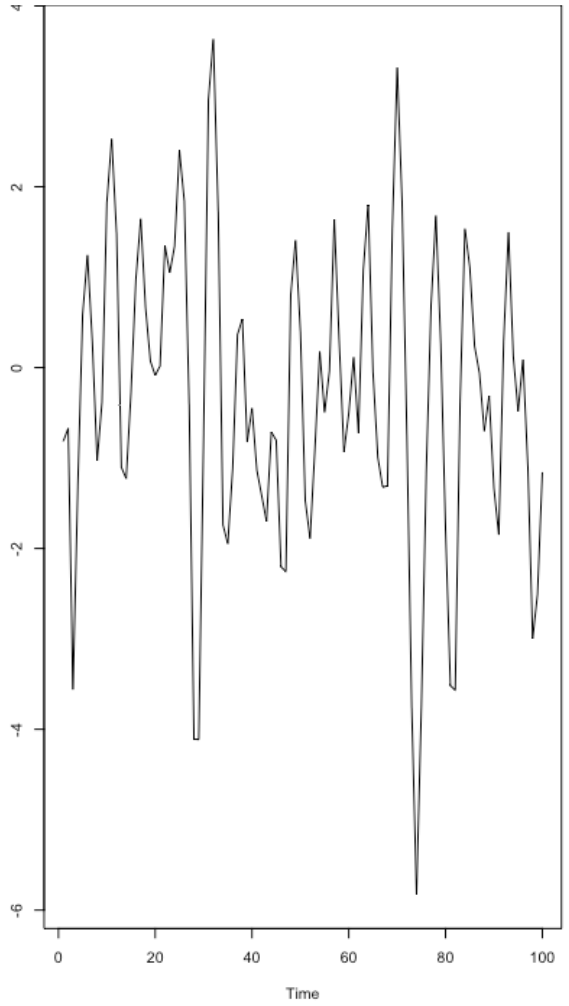
PACF captures correlations of residuals and the time series lags, we might get good correlations for nearest lags as well as for past lags.

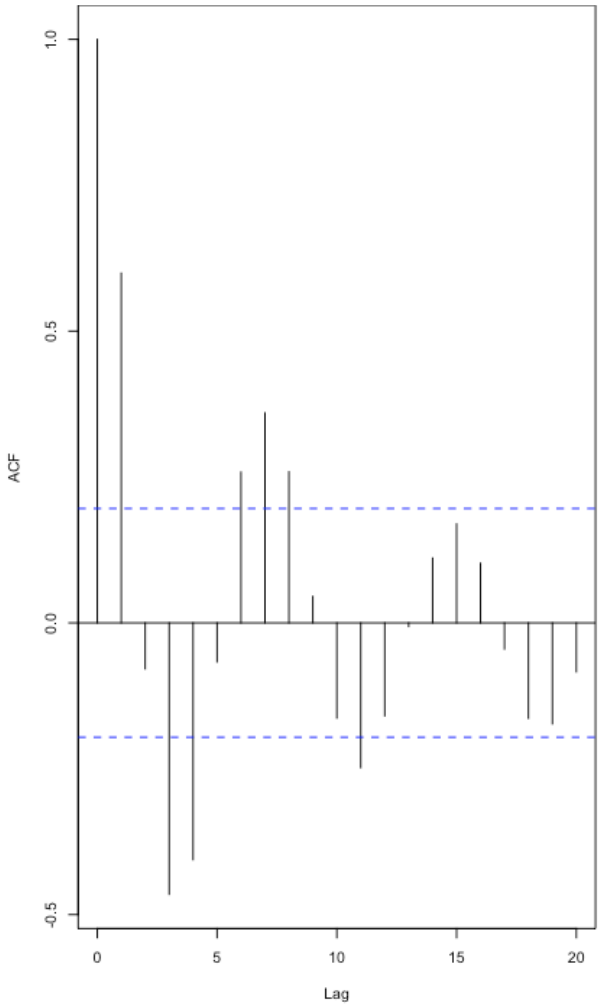
AR processes have a relatively “long memory” (Series current values depend on its own previous values) : Order see PACF, cutoff count from Lag1

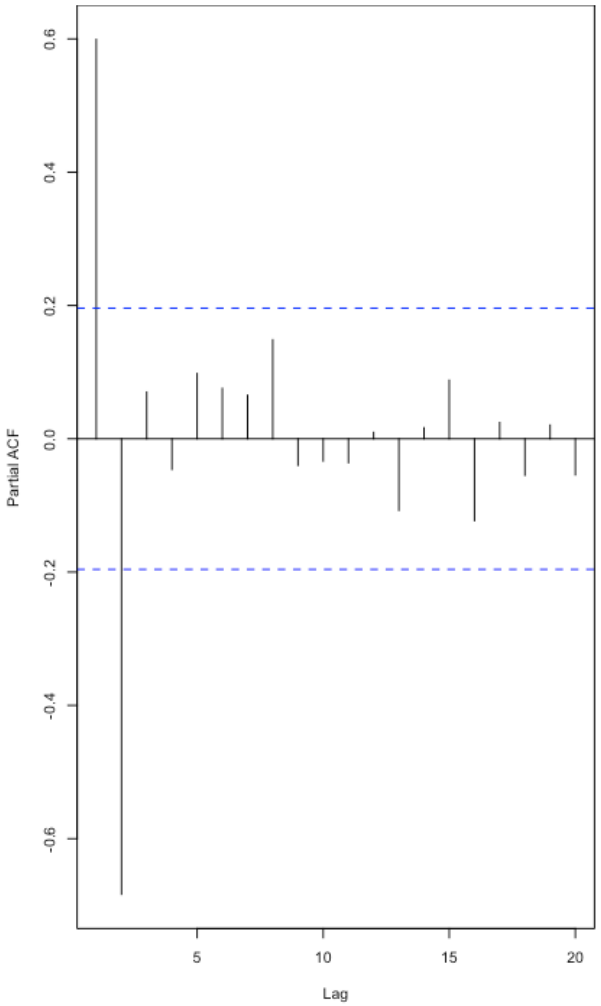
MA processes have a relatively “Short memory” (The current deviation from mean depends on previou deviations) : Order see ACF, cutoff count from Lag1

AR, MA or ARMA process?

AR, order = 2 (See PACF

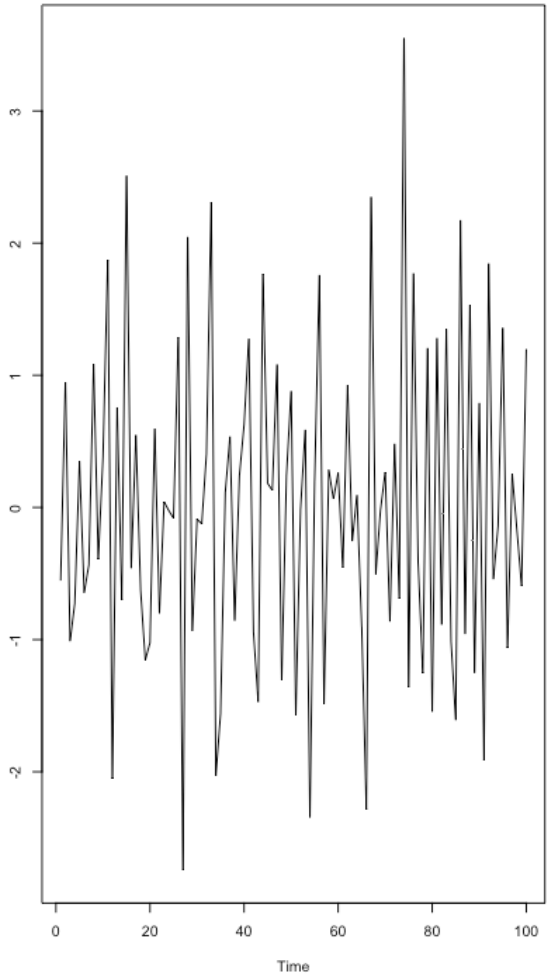


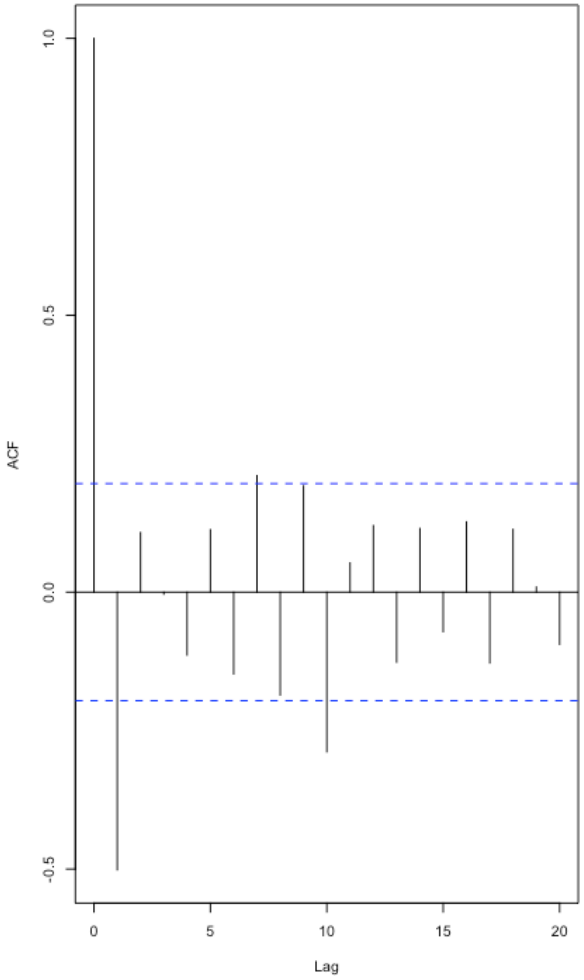


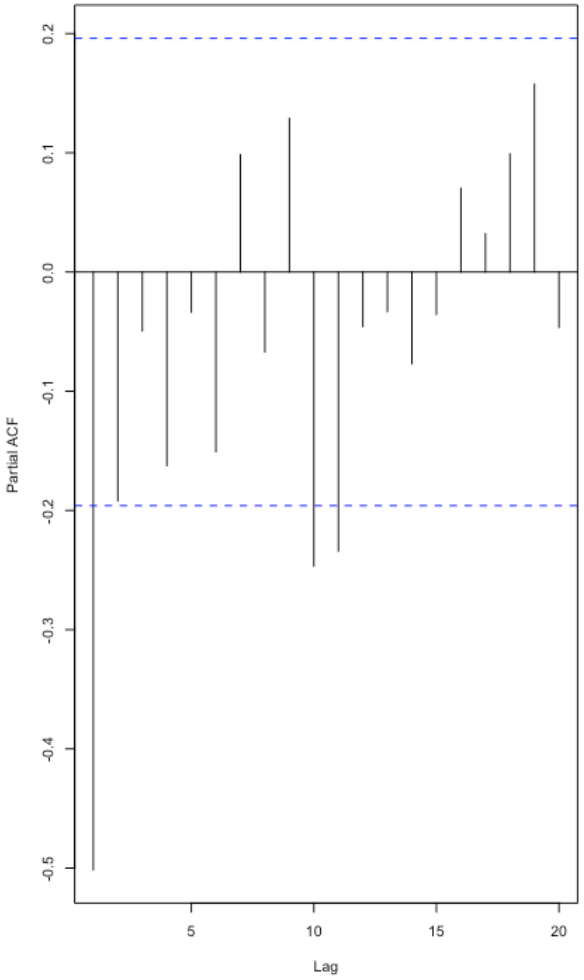


AR, MA or ARMA process?

MA, order =1 (See ACF

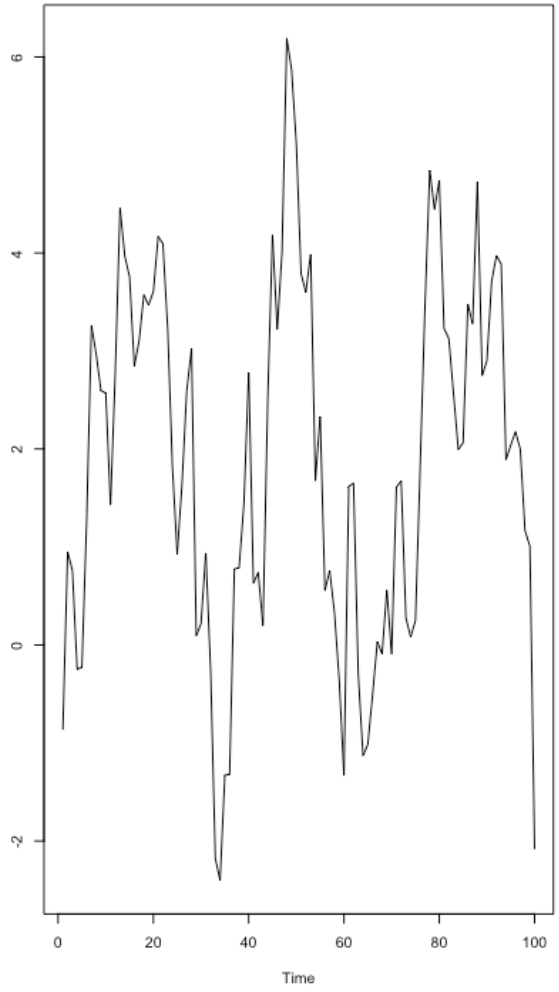


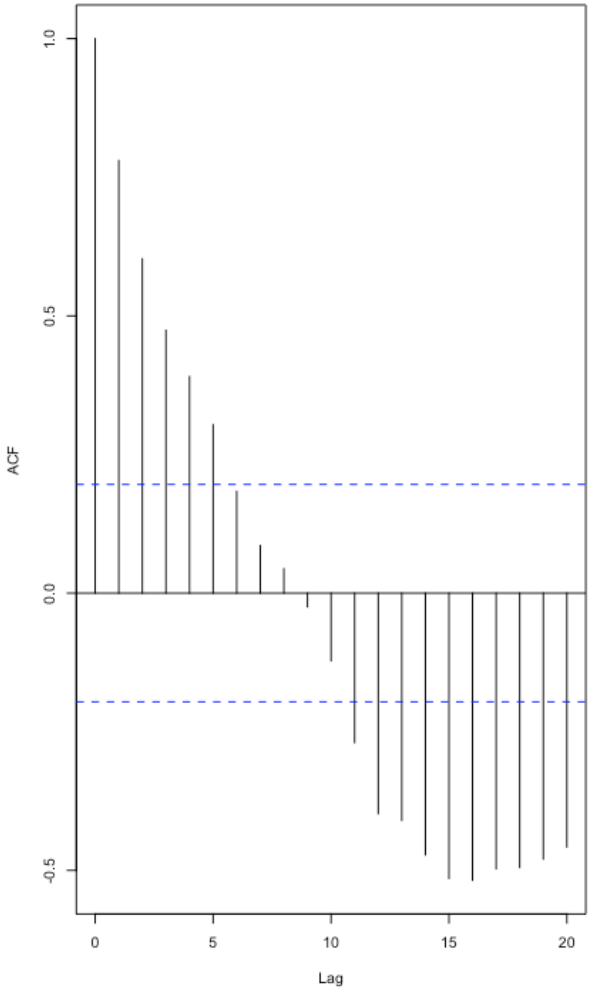


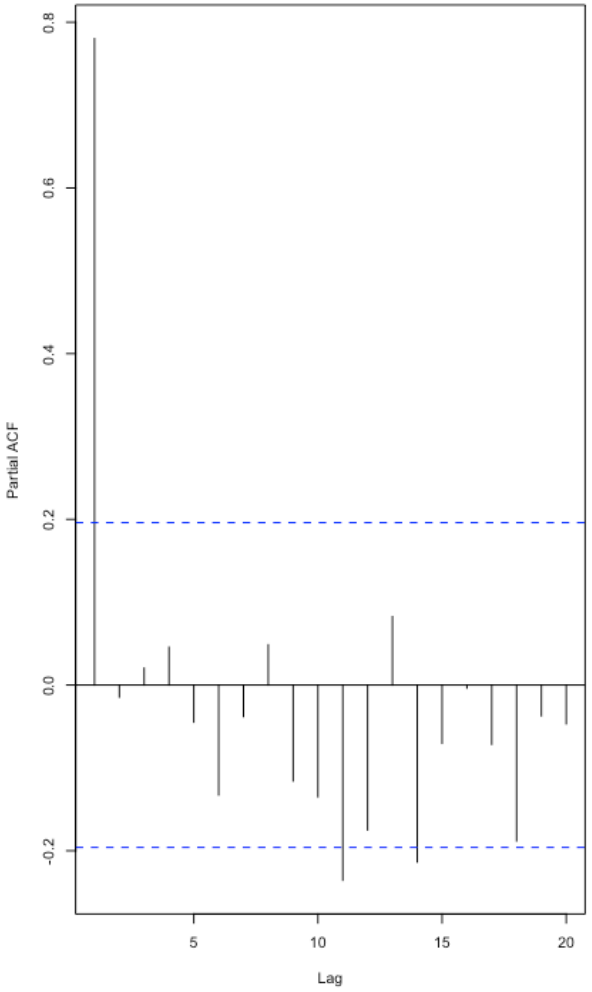


AR, MA or ARMA process?

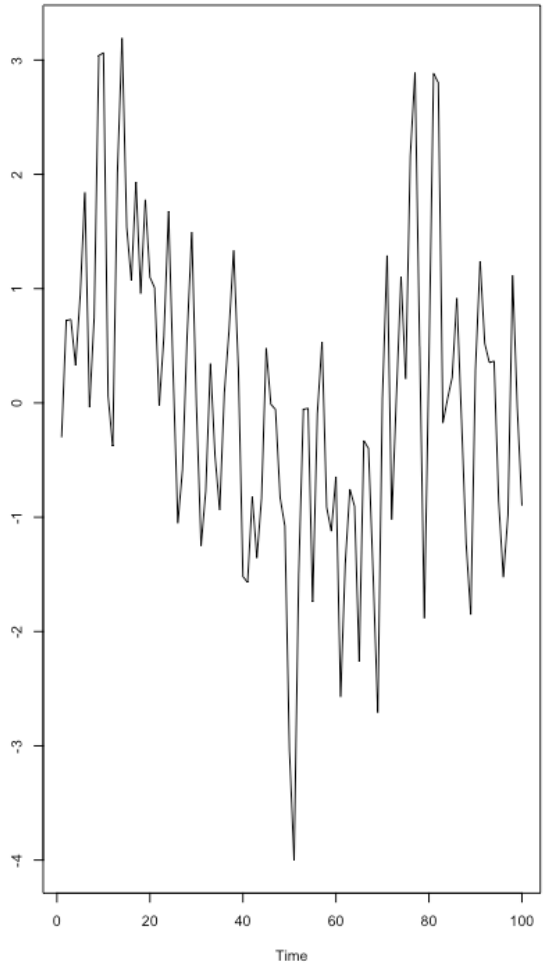
AR, order =1

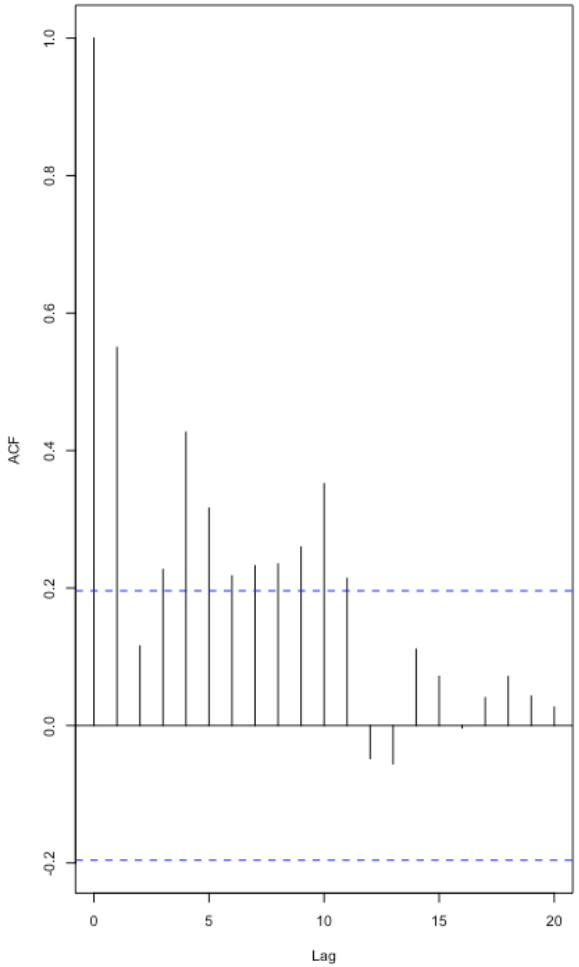


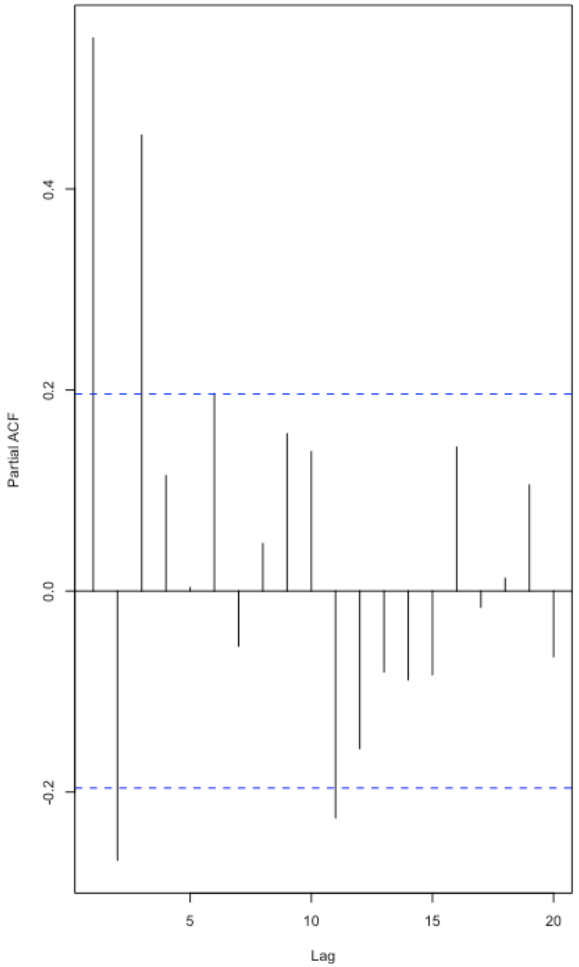




AR, MA or ARMA process?

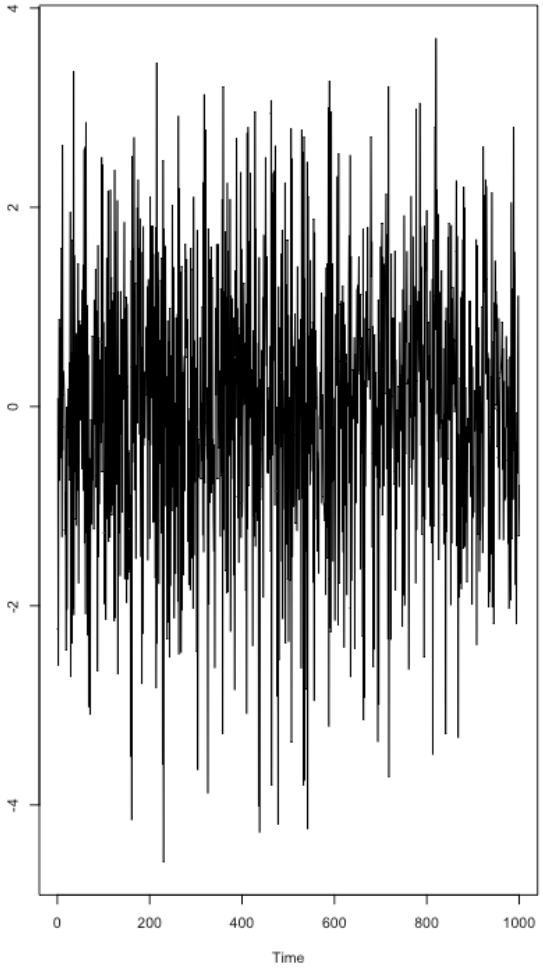


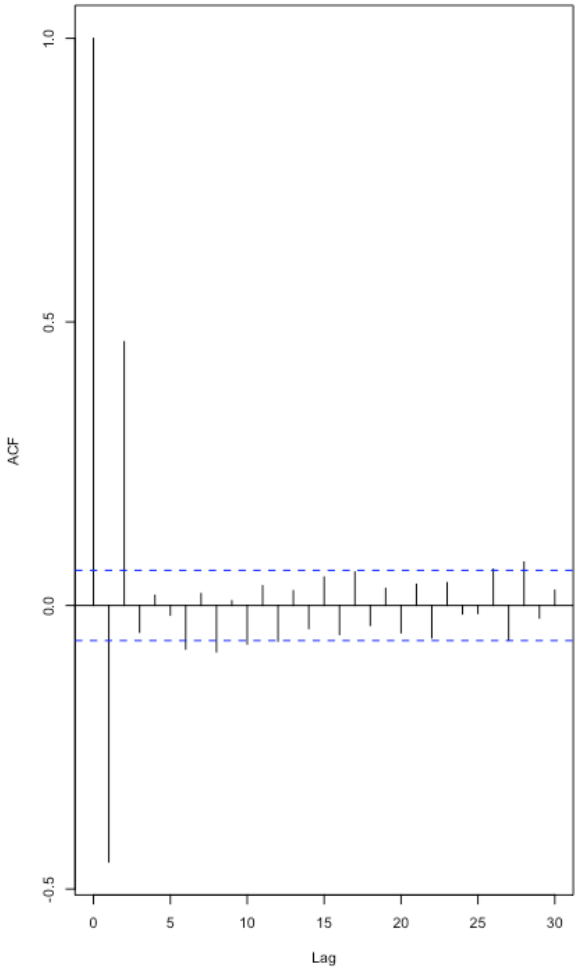


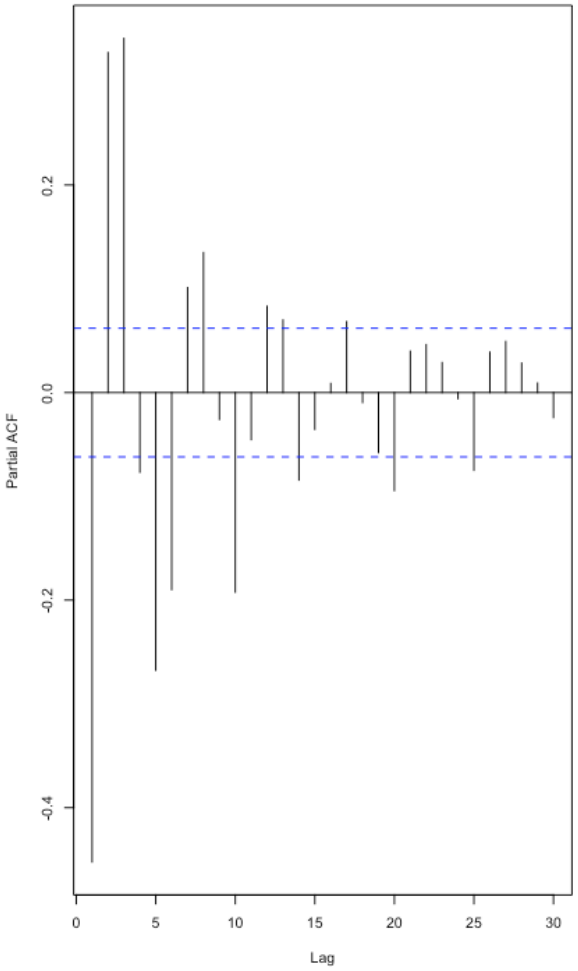


AR, MA or ARMA process?

MA, order = 2 (ACF







AR, MA or ARMA process?

White Noise Time series