MONASH University

MONASH BUSINESS SCHOOL

ETC3550/ETC5550 Applied forecasting

Week 4: The Forecasters' toolbox

`af.numbat.space`

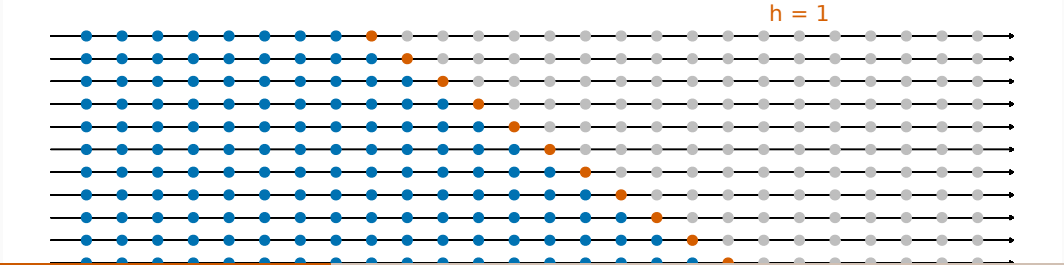
Time series cross-validation

Traditional evaluation

Time series cross-validation

Traditional evaluation

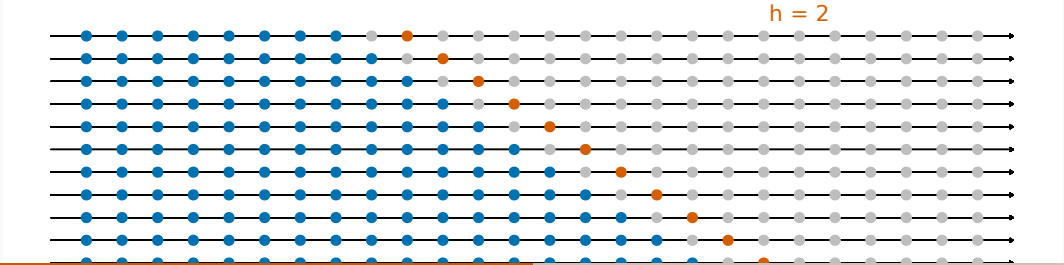
Time series cross-validation



Time series cross-validation

Traditional evaluation

Time series cross-validation



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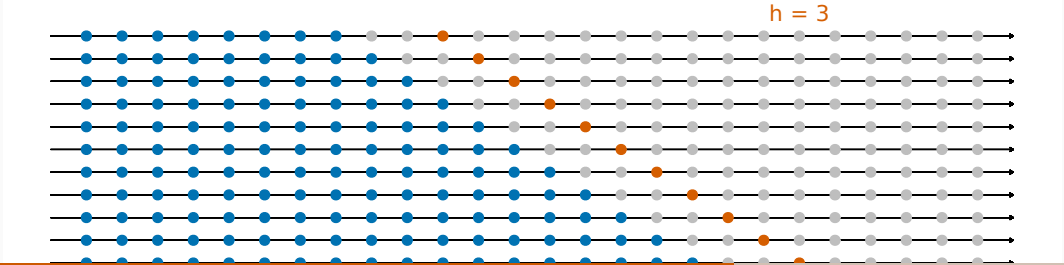

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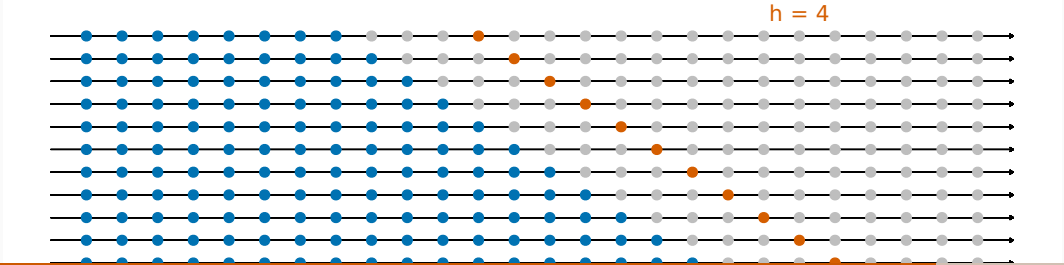

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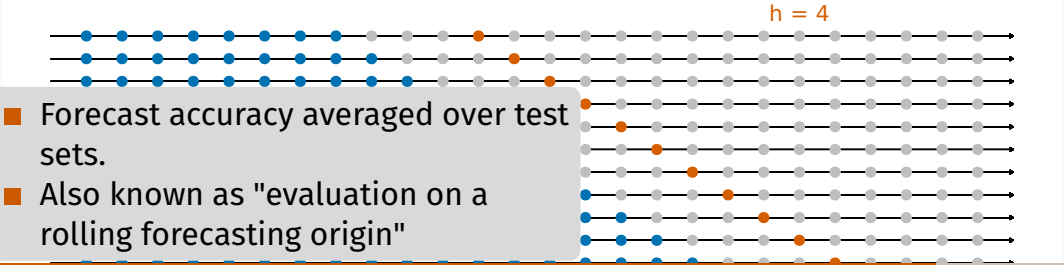

- Forecast accuracy averaged over test sets.
- Also known as "evaluation on a rolling forecasting origin"

Your turn

1. Create a training set for household wealth (`hh_budget`) by withholding the last four years as a test set.
2. Fit all the appropriate benchmark methods to the training set and forecast the periods covered by the test set.
3. Compute the accuracy of your forecasts. Which method does best?
4. Do the residuals from the best method resemble white noise?