Problem #7.6

Following are time-series data for nine time periods. Use exponential smoothing with constraints of .3 and .7 to forecast time periods 3 through 9. Let the value for time period 1 be the forecast for time period 2. Compute additional forecasts for time periods 4 through 9 using a 3-month average. Compute the errors for the forecasts and discuss the size of the errors under each method.

Time Period Value Time Period Value

1 9.4 6 11.0

2 8.2 7 10.3

3 7.9 8 9.5

4 9.0 9 9.1

5 9.8