Forecasting Methods

Business & Management

The main techniques, and what each assumes about the past.

From simplest to most involved.

Method	Assumes
Naive	Tomorrow equals today
Moving average	Recent history, no trend
Exponential smoothing	Recent matters more, weighted
Holt-Winters	Trend plus seasonality
ARIMA	Structure in the autocorrelation
Regression	Relationship to drivers
Judgemental	Expert view; useful with no data

Always compare a model against the naive forecast. If it cannot beat 'same as last period', it is not adding anything.