**Chapter 11 Short and medium term forecasts – MCQ Student**

1. Exponential smoothing is
   1. A method to smooth the time series exponentially
   2. One of the forecasting methods
   3. A method of testing linearity

The correct answer is b.

Support comment: Exponential smoothing is one of the forecasting methods. It uses the past values in the time series and multiplies them with the predetermined value of a constant (called a smoothing constant) in order to produce the best estimator of the future value.

1. Moving averages is
   1. A method to eliminate stationary trend
   2. One of the forecasting methods
   3. A method of establishing stationarity

The correct answer is b.

Support comment: Moving averages have nothing to do with stationarity. They eliminate some of the irregular extremes to make the time series “smoother”.

1. Moving averages is a smoothing method, but it can also be used as a short term forecasting method
   1. True
   2. False

The correct answer is a.

Support comment: If the moving average is put after the rolling interval that it has been calculated for, it becomes a forecasting method

1. The larger the number of moving averages in an interval, the more the newly generated time series will be
   1. Smoother
   2. No effect
   3. Closer to the original time series

The correct answer is b.

Support comment:

1. Double moving averages are
   1. The moving averages of the moving averages
   2. Moving averages times two
   3. There is no such thing as double moving averages

The correct answer is a.

Support comment:

1. Moving averages and exponentially smoothed values are
   1. Related
   2. Not related

The correct answer is a.

Support comment: alpha smoothing constant=2/(M+1), where M is the number of observations in a moving average interval

1. Dumping factor is
   1. A factor that eliminates seasonality
   2. Excel expression for smoothing constant
   3. There is no such thing as dumping factor

The correct answer is b.

Support comment: Dumping factor=1-alpha

1. Simple exponential smoothing cannot be used to forecast more than 1 period ahead
   1. True
   2. False

The correct answer is a.

Support comment: