

Do not write your name on the assignment. Write your name only on the back of this sheet of paper and staple your answers on the front of this sheet of paper. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. The spreadsheets will be turned in via an attachment to an e-mail sent to wcsaplar@bethanywv.edu. The only place your name should appear on the electronic file is on a page with nothing else on it. Failure to follow these directions will cost you 1 point on the assignment.

1) (5 points each) Use the page "HW" on the file [10-1.xls](#) to answer the following questions on the spreadsheet. For each part, use that method to forecast the sales for the next 20 years.

A) Same level

B) Same difference

C) Same ratio

D) Partial adjustment with the adjustment being 60% of the previous adjustment

E) 5 period moving average

F) 5 period weighted moving average.

2) (10 points) Why would somebody want to use the 5 period weighted moving average rather than the 5 period moving average?

3) (10 points) Which of the methods used in question #1 has the greatest chance of correctly predicting GDP over time? Explain your logic.

4) (10 points) Which of the methods used in question #1 has the greatest chance of correctly predicting your GPA over time? Explain your logic.

5) (20 points) In the 1992 election, George H. W. Bush told everybody that the economy was growing. People saw unemployment growing and thought he was a liar. In reality, both he and the general population were correct. Explain how this could be true using a general graph of GDP over time.

6) (20 points) The lengths of business cycles over time have changed. The business cycles since World War II have had longer booms and shorter contractions. What do you think caused this difference?