

Forecasting Calculation Methods and Use Cases

Optimization



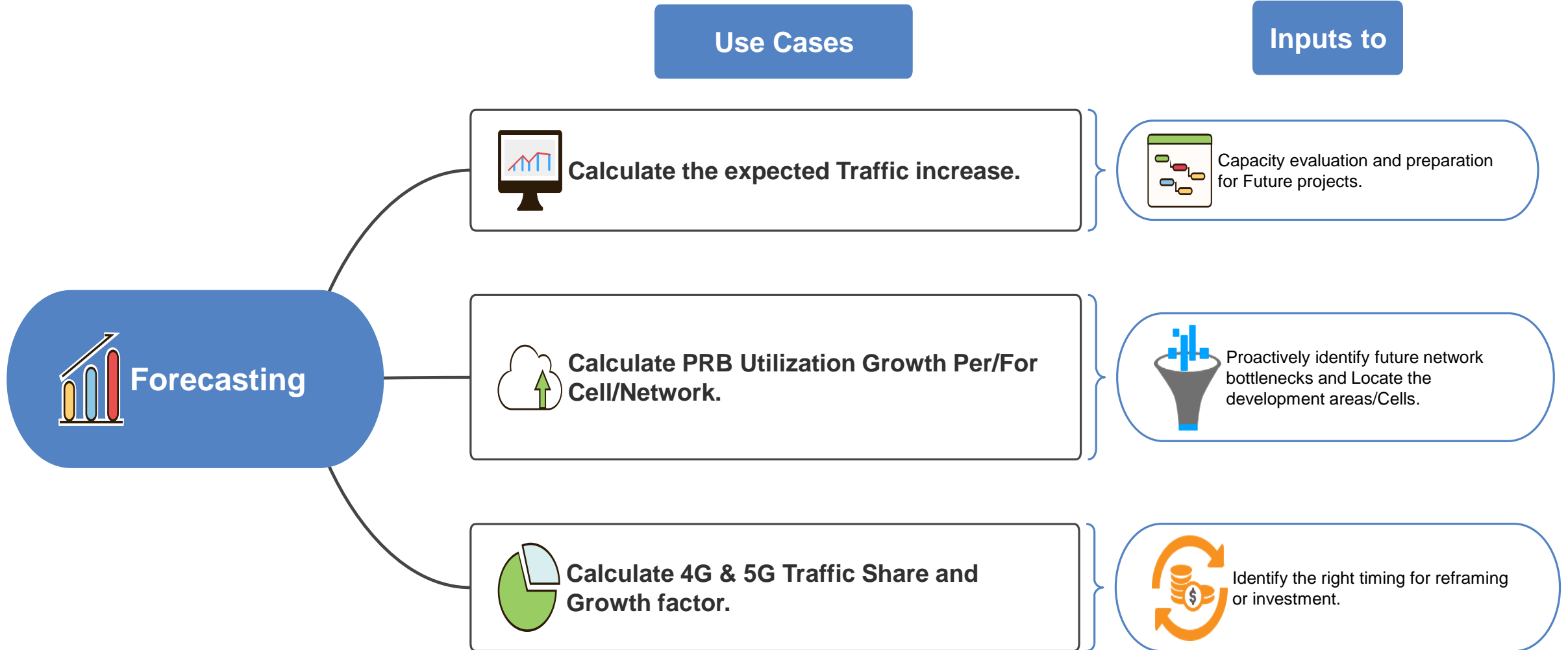
Technology



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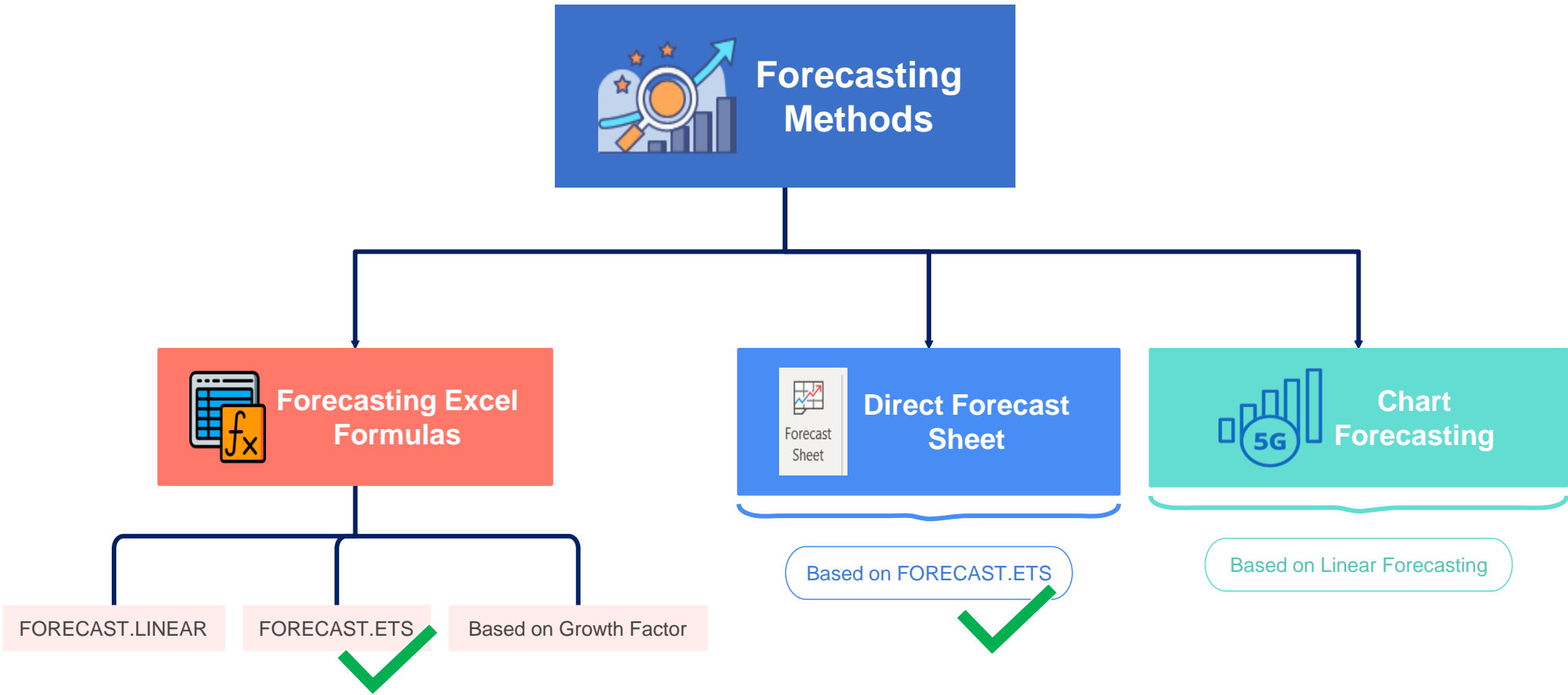


Why do we need Forecasting, and what are the common Use Cases?



Forecasting Calculation Methods

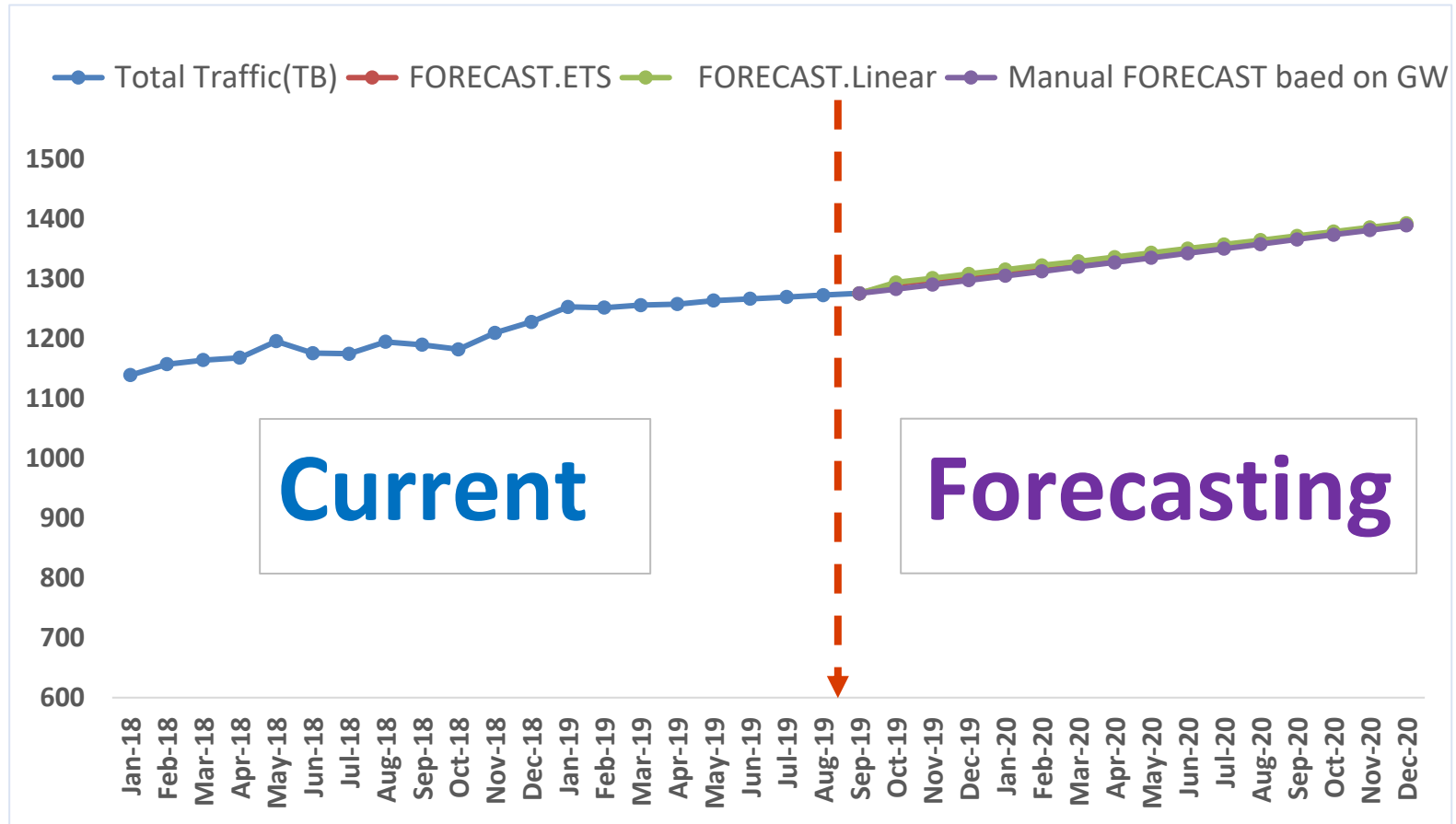
In general, there are 3 different forecasting methods which all rely on historical data; Microsoft Excel can generate all these methods.



*ETS function → (Exponential Smoothing algorithm)

Examples for Use Cases_ Linear Trend

There are no major differences between different forecasting methods in case if the Historical data is following linear trend



Examples for Use Cases_ Seasonality Involved_Peaks

Definitely, There is some seasonality involved in the below trend; accordingly, a linear trend can't be used to predict the following year's data.

