

BEC 30325: MANAGERIAL ECONOMICS

Tutorial 06

Demand Forecasting Part II

- 1) “One of the most commonly used quantitative forecasting techniques is time series analysis and the simplest form of time series analysis is trend projection. However, there may be few limitations in this forecasting technique.” Discuss this statement with respect to your knowledge on demand forecasting.
- 2) Monthly sales (in Rs. million) of ABC company for 2004: Q1 to 2006 : Q4 are as shown here. It has been the common practice of ABC Company to use smoothing techniques to forecast demand.
 - a. Project sales for next the quarter using 3 quarters moving average.
 - b. Project sales for next the quarter using 5 quarters moving average.