

8 Time-series and correlation – Part 1

—Answers

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Work through these after trying the questions yourself.

8.1 Past sales recorded over time, to find a pattern.

8.2 The general direction of sales over the long run (up, down or flat).

8.3 The seasonal variation.

8.4 Positive correlation.

8.5 No —other factors may be at work.

8.6 The two sales are correlated, but correlation does not prove causation. Both are really driven by a *third* factor —the hot summer weather —which raises sales of ice cream *and* sunglasses at the same time. One does not cause the other.