

## Unit 8 Discussion Example - Second Response to a Classmate's Post

**Second response:** Choose another classmate's post. Compare the MAD (mean absolute deviation) of all three forecasts (moving average, weighted moving average and exponential smoothing) and state which forecasting method gives the most accurate forecast.

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I will use the National Association of Realtors Website (<http://www.realtor.org/topics/existing-home-sales>) and I downloaded the "Single-Family Existing Home Sales and Prices" spreadsheet for Database work.

### **3-Month Moving Average – forecast is \$336,133**

MAD score = 62,125

### **3-Month Weighted Moving Average – forecast is \$340,400**

MAD score = 8003.33

### **Exponential Smoothing, alpha = 0.25 – forecast is \$330,413**

MAD score = 6713.04

Based on the MAD scores, the most accurate forecast would be the exponential smoothing with alpha = 0.25.