

Answer on Question #55129 – Math – Statistics and Probability

True or False? Justify.

The moving average method used in forecasting uses weighted averages.

Solution:

A weighted average is any average that has multiplying factors to give different weights to data at different positions in the sample window. Mathematically, the moving average is the convolution of the datum points with a fixed weighting function. One application is removing pixelisation from a digital graphical image. In technical analysis of financial data, a weighted moving average (WMA) has the specific meaning of weights that decrease in arithmetical progression.

Answer: True.