

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.