

OUTLINE

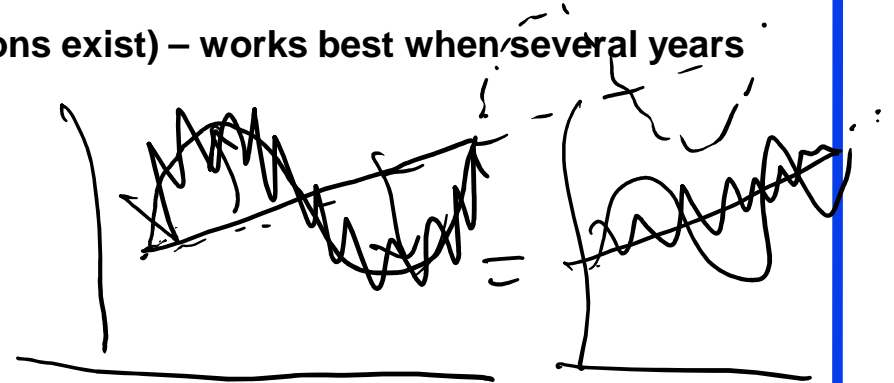
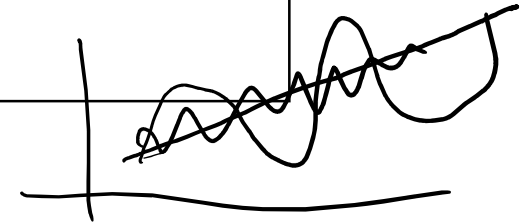
- **Questions?**
- **Quiz download from Blackboard**
- **Forecasting – Seasonality**
- **Next quiz 09/14/21**
- **Next homework**

Seasonal

- Seasonal (when substantial seasonal variations exist) – works best when several years (or repeating cycles) of data are available

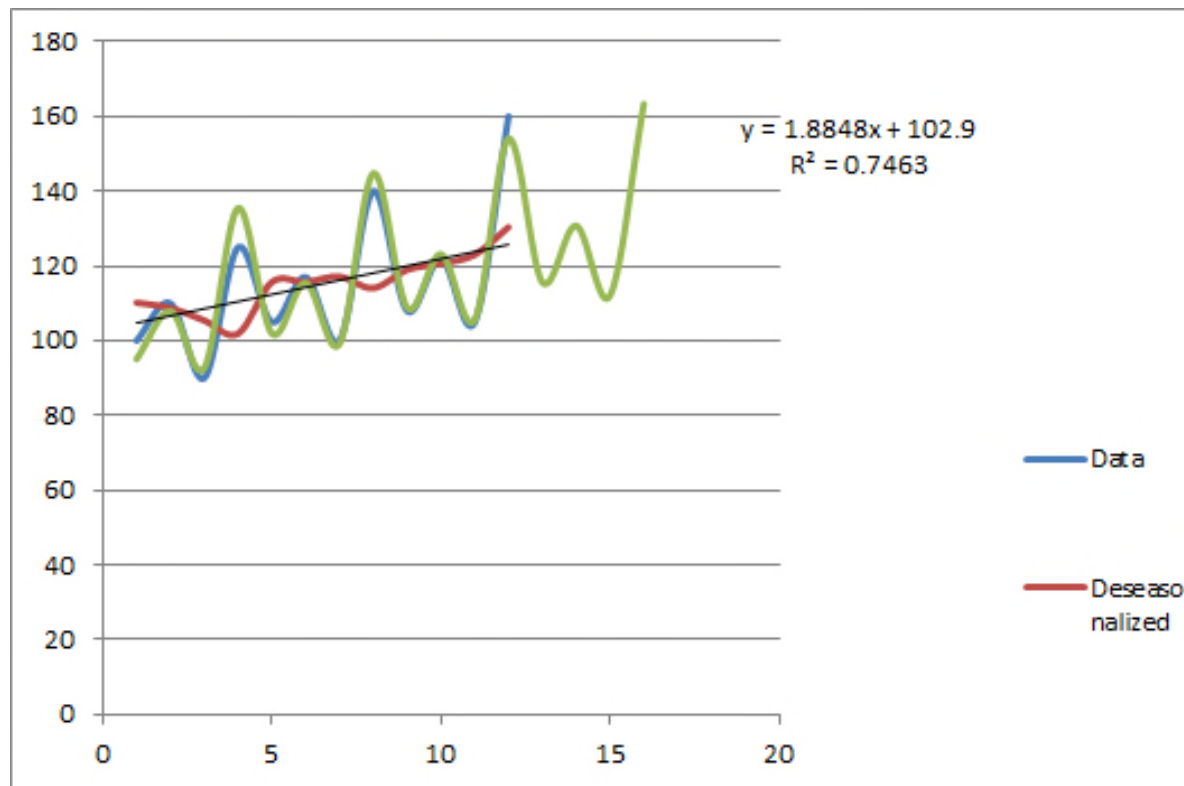
- » Remove the seasonality ✓
- » Calculate the trend and forecast
- » Return the seasonality to the trend line

- Center the actuals
- Seasonal factor – ratio of current demand divided by the centered average for the year (a high demand will have a seasonal factor greater than 1)
- Remove seasonality by dividing each demand by its seasonal factor (each demand will move closer to the average)
- Calculate the trend line based on the deseasoned data and extend for the forecast
- Multiply each demand by its seasonal factor



Planning and Scheduling ISE410
Session 5
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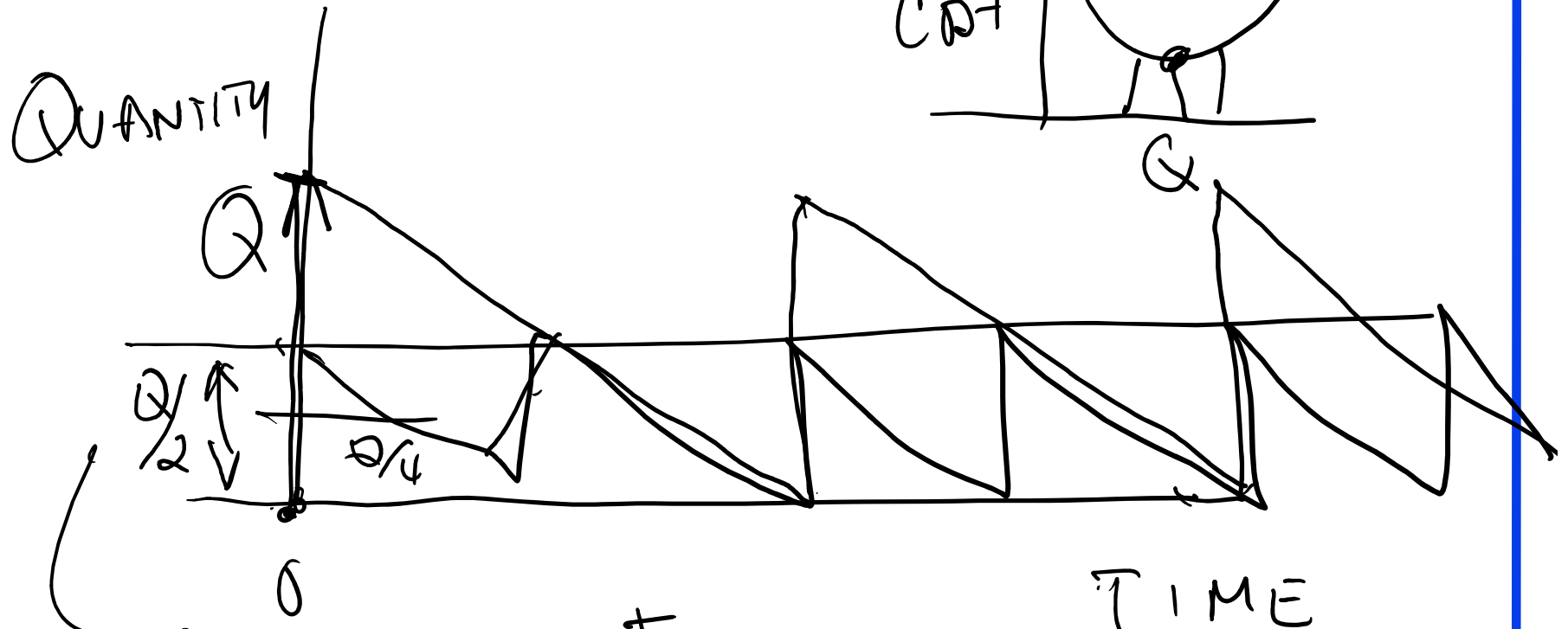
Seasonal Example



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Average inventory

20-25%/year/\$cost