

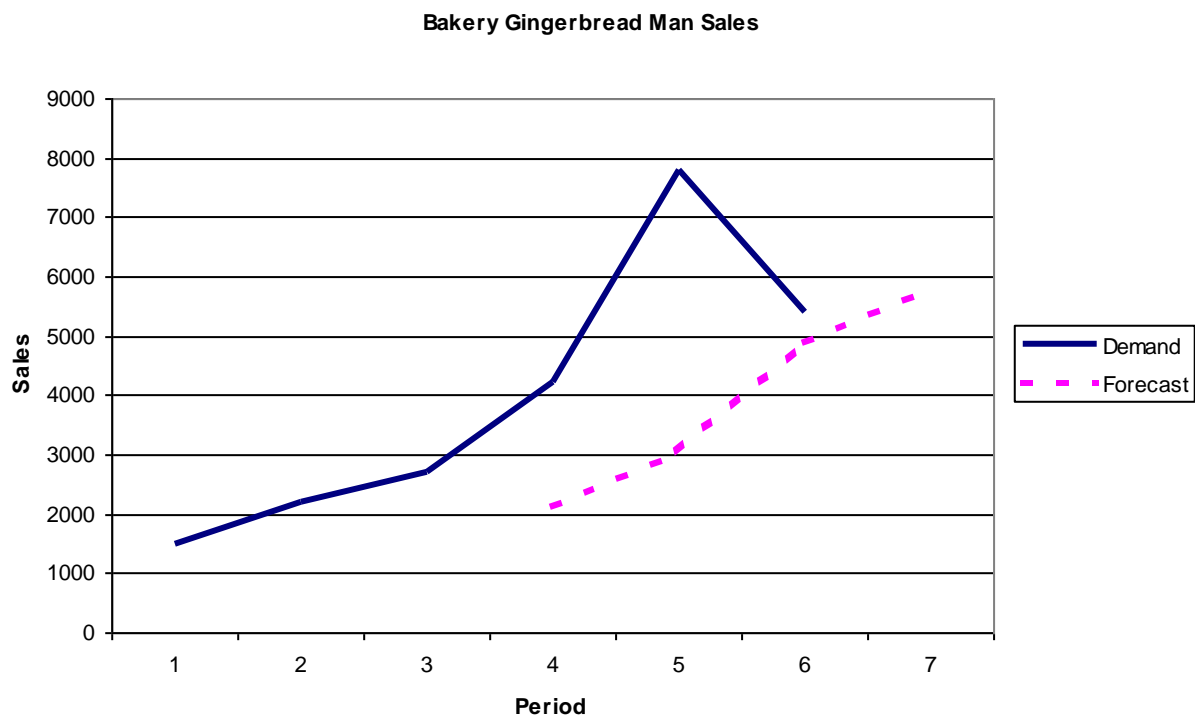
A Simple Moving Average Example

$$\text{Moving Average Forecast} = \frac{\sum \text{demand in previous } n \text{ periods}}{n}$$

Where n is the number of periods in the moving average

Example: The demand for Gingerbread Men is shown in the table. Forecast the demand for month 7.

Month	Demand	Calculation	Forecast
1	1500		
2	2200		
3	2700		
4	4200	$\frac{1500 + 2200 + 2700}{3} \approx 2133$	2133
5	7800		
6	5400		
7			



A Weighted Moving Average Example

$$\text{Weighted Moving Average Forecast} = \frac{\sum (\text{weight for period } n) \cdot (\text{demand in period } n)}{\sum \text{weights}}$$

Example: The demand for Gingerbread Men is shown in the table. Forecast the demand for month 7, weighting the past three months as follows: last month 3, two months ago 2, three months ago 3

Period	Weight
Last Month	3
Two Months Ago	2
Three Months Ago	1
Sum of Weights	

Month	Demand	Calculation	Forecast
1	1500		
2	2200		
3	2700		
4	4200	$\frac{(1500 \cdot 1) + (2200 \cdot 2) + (2700 \cdot 3)}{6} \approx 2333$	2333
5	7800		
6	5400		
7			

Bakery Gingerbread Man Sales

