

# **Financial Forecasting: Tools and Applications**

## **Chapter 1:**

### **Forecasting and Managerial Planning**

#### **Learning Objectives**

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After studying this chapter, you will be able to:

1. Recognize how a forecast relates to managerial planning
2. Recognize the components of a forecasts and what it predicts
3. Identify various forecasting methods and how to select the right method.

# Chapter 2:

## Forecasting, Budgeting, and Business Valuation

### Learning Objectives

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After studying this chapter, you will be able to:

1. Identify the important steps to budgeting
2. Recognize the value of sensitivity analysis.
3. Identify factors in the computation of business valuation.

# Chapter 3:

## Moving Averages and Smoothing Methods

### Learning Objectives

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After studying this chapter, you will be able to:

1. Recognize the special features of naive forecasting models.
2. Recognize the difference between regression analysis and exponential smoothing.

# Chapter 4:

## Regression Analysis

### Learning Objectives

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After studying this chapter, you will be able to:

1. Recognize regression analysis and how to calculate the least-squares method.

# Chapter 5:

## Multiple Regression

### Learning Objectives

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After studying this chapter, you will be able to:

1. Recognize the value and use of multiple regression.
2. Identify situations for nonlinear relations.
3. Recognize when to use dummy variables in a regression model.
4. Identify the situation when independent variables can cause multicollinearity .

# Chapter 6:

## Time Series Analysis and Classical Decomposition

### Learning Objectives

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After studying this chapter, you will be able to:

1. Identify the four basic components of the time series data.
2. Recognize the steps to perform decomposition of time series.
3. Recognize the value of trend analysis

# Chapter 7:

## Forecasting With No Data

### Learning Objectives

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After studying this chapter, you will be able to:

1. Recognize components of quantitative forecasting models for new products.
2. Identify how to choose the right growth model.

# Chapter 8:

## Indirect Methods

### Learning Objectives

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After studying this chapter, you will be able to:

1. Identify assumptions use to forecast sales with the Markov model.
2. Recognize the purpose of input-output analysis.
3. Understand the value of performing market surveys for forecasting.
4. Identify different of types of indirect methods of forecasting.
5. Recognize some of the Leading Economic Indicators.

# Chapter 9:

## Evaluation of Forecasts

### Learning Objectives

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After studying this chapter, you will be able to:

1. Recognize methods of comparing a predicted forecast change with the observed change.
2. Identify responses required when a forecasts is now performing well.
3. Identify how to measure and rank accuracy of forecasts.

# Chapter 10:

## Sales and Revenue Forecasting

### Learning Objectives

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After studying this chapter, you will be able to:

1. Recognize different methods of performing economic forecasts.
2. Identify the value of a combination method of sale forecasting.

# Chapter 11:

## Forecasting the Economy

### Learning Objectives

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After studying this chapter, you will be able to:

1. Recognize the use of different econometric models.
2. Identify some sources of economic data that can be used to improve forecasts

# Chapter 12:

## Financial and Earnings Forecasting

## **Learning Objectives**

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After studying this chapter, you will be able to:

1. Identify the steps in projecting financial needs for the firm.
2. Recognize the Certified Public Accountant's involvement and responsibility with prospective financial statements.
3. Recognize the implication of earnings forecasts and the Sarbanes-Oxley Act requirements.
4. Identify different sources provided from security analysts for earnings projections.

# **Chapter 13:**

## **Cash Flow Forecasting**

## **Learning Objectives**

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After studying this chapter, you will be able to:

1. Identify several methods of forecasting the cash collection pattern.
2. Estimate future cash collections from accounts receivable.

# **Chapter 14:**

## **Analysis of Cost Behavior and Cost Prediction**

## Learning Objectives

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After studying this chapter, you will be able to:

1. Recognize the value of developing a strong understanding of a firm's cost behavior.
2. Identify examples of the different cost found in a company, such as fixed and semi-variable costs.
3. Recognize different methods for estimating costs.

# Chapter 15:

## Bankruptcy Prediction

## Learning Objectives

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After studying this chapter, you will be able to:

1. Identify how different analyses can be useful as bankruptcy prediction models and the limitations of some methodologies.
2. Recognize popular prediction models for predicting bankruptcy.

# Chapter 16:

## Forecasting Foreign Exchange Rates

## Learning Objectives

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After studying this chapter, you will be able to:

1. Recognize the reasons for managers to forecast the foreign exchange rates.



2. Perform calculations based on the relationship between exchange rates and interest rates.
3. Recognize the different types of forecasting techniques used to predict the foreign exchange rates.

# Chapter 17:

## Interest Rate Forecasting

### Learning Objectives

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After studying this chapter, you will be able to:

1. Identify the factors that influence interest rates
2. Recognize popular forecasting methodology for interest rates

# Chapter 18:

## Technological Forecasting

### Learning Objectives

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After studying this chapter, you will be able to:

1. Recognize how technological changes affect businesses.
2. Identify characteristics and accuracy of technological forecasting.
3. Identify the trends that affect the future of forecasting.