



Advances in Economic Forecasting

Matthew L. Higgins, *Western Michigan University*, Editor

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KALAMAZOO, Mich.—Generally speaking (there were a few notable

exceptions), the economics profession, including those who specialize in economic forecasting, missed predicting one of the greatest economic downturns in recent times, the “Great Recession.” With the wealth of data sources and sophisticated statistical modeling techniques at their disposal, how could these specialists have whiffed?

That’s a question many in the profession have been asking themselves as they reexamine the toolset used for making economic projections. It also serves as the backdrop for a new book from the Upjohn Institute that critiques the ever-advancing modeling techniques used for making economic projections and the data sources employed by these techniques.

Advances in Economic Forecasting, Matthew L. Higgins, Editor, presents six chapters that focus on how the reliability of economic forecasts can be improved. Three of the chapters focus on forecasting in real time while predicting turning points for macro aggregate measures such as Gross Domestic Product, inflation, growth, and unemployment. Authors of two chapters argue that data can be more efficiently exploited through model and forecast combination. They, along with the authors of another chapter, also advocate for using

models that are adaptive and perform well in the presence of nonlinearity and structural change.

Will economic forecasting advance to the point where forecasters can confidently predict the movement of macro indicators, thereby being able to alert economic policymakers that rough economic times are ahead? Only continued work by scholars such as those contributing to this book can make this happen.

Included are:

- **Advances in Economic Forecasting**, Matthew L. Higgins
- **Real-Time Forecasting**, Dean Croushore
- **Limits to Economic Forecasting**, Kajal Lahiri
- **Forecasting Regional and Industry-Level Variables: Challenges and Strategies**, David E. Rapach
- **Forecasting Asset Prices Using Nonlinear Models**, Michael D. Bradley and Dennis W. Jansen
- **Perspectives on Evaluating Macroeconomic Forecasts**, H.O. Stekler
- **Combining Forecasts with Many Predictors**, Tae-Hwy Lee

These chapters began as papers presented during the 2009–2010 Werner Sichel Lecture Series held at Western Michigan University. See <http://www.wmich.edu/economics/events/wernersichel-history.html> for more on the series.

THE EDITOR

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