

Econometric Forecasting Project

Spring 2007

The project's objective is to forecast the growth rate of real gross domestic product for the U.S. from the fourth quarter of 2006 to the first quarter of 2007. Real GDP is expressed by seasonally adjusted index numbers. The growth is expressed at annual rates, as follows:

$$\text{percentage growth rate} = \left[\left(\frac{Y_{07I}}{Y_{06IV}} \right)^4 - 1 \right] 100,$$

where Y_{06IV} and Y_{07I} denote real GDP for the last quarter of 2006 and the first quarter of 2007.

The official estimates are prepared by the U.S. Commerce Department, Bureau of Economic Analysis (BEA). The BEA's advanced estimate is to be released on April 27. Your predictions are due on April 25. Please submit a short report (one to three typed pages) stating your forecast and the underlying econometric reasoning. You will be asked to present an oral summary to the class. Your grade for the project will depend equally on the accuracy of your forecast and the quality of the econometric analysis underlying it.

Useful information sources include the following:

Bureau of Economic Analysis, <http://www.bea.gov/>

Bureau of Labor Statistics, <http://www.bls.gov/>

EconData <http://inforumweb.umd.edu/Econdata.html>

Employment and Training Administration, <http://www.doleta.gov/>

Fairmodel and data, <http://fairmodel.econ.yale.edu/main2.htm>

Federal Reserve Economic Data, <http://www.stls.frb.org/fred/index.html>

International Monetary Fund, *International Financial Statistics*, library periodicals, HG3881 I626