IMF – Singapore Regional Training Institute (STI)

Course on Macroeconomic Forecasting (ST12.05)

Singapore

March 19 – 30, 2012

Reading List

Session	Topic	Source
L–1	**Overview of Macroeconomic Forecasting**	
	IMF Institute, 2007, "Chapter 1: Basic Empirical Methods," in *Financial Programming* and Policy (Washington: International Monetary Fund).	Course Website
	Pagan, Adrian, 2002, "What is a Good Macroeconomic Model for a Central Bank to Use?" Comments presented at the conference, *Macroeconomic Models for Monetary Policy*, sponsored by the Federal Reserve Bank of San Francisco and the Stanford Institute for Economic Policy Research (March 1-2). Available via: http://www.frbsf.org/economics/conferences/0203/comments.pdf	Course Website
W–1	**Workshop: Introduction to Forecasting Using EViews**	
	EViews 6 User's Guide I, 2007, Chapter 2 "A Demonstration," (Irvine, CA: Quantitative Micro Software, LLC), pp. 15–35.	Eviews Help Menu
	EViews 6 Users Guide II, 2007, Chapters 27 "Forecasting from an Equation," and Chapter 36 "Models" (Irvine, CA: Quantitative Micro Software, LLC).	Eviews Help Menu
	Supplementary: EViews Users Guide I, 2007, Chapters 3–7 (Irvine, CA: Quantitative Micro Software, LLC).	Eviews Help Menu
L–2	**Properties of Time Series Data I: Stationarity, Box Jenkins ARIMA Models**	
	Enders, Walter, 2010, "Chapter 2: Stationary Time-Series Models," in *Applied Econometric Time Series* (New York: John Wiley & Sons, 3rd ed.), pp. 49–120.	Distributed Separately
L–3	**Properties of Time Series Data II: Nonstationarity and Unit Roots**	
	Enders, Walter, 2010, "Chapter 4: Models with Trend," in *Applied Econometric Time Series* (New York: John Wiley & Sons, 3rd ed.), pp. 181–271.	Distributed Separately

Session	Topic	Source
L–4	**Cointegration I – Single Equation Estimation, Error Correction Models, and Forecasting** Enders, Walter, 2010, "Chapter 6: Cointegration and Error-Correction Models," in *Applied Econometric Time Series* (New York: John Wiley & Sons, 3rd ed.) pp. 356–365, pp. 382–385, and pp. 425–427.	Distributed Separately
L–5	**Evaluating Regression Models** No reading assigned.	
L–6	**Vector Autoregressions (VAR), Structural VAR Models, Impulse Response Functions (IRFs)** Enders, Walter, 2010, "Chapter 5: Multiequation Time-Series Models," in *Applied Econometric Time Series* (New York: John Wiley & Sons, 3rd ed.), pp. 272–355. *Supplementary:* Favero, Carlo, 2001, "VAR Approach," in *Applied Macroeconometrics* (Oxford University Press), pp. 162–210. *Supplementary*: Sims, Christopher, 1980, "Macroeconomics and Reality," *Econometrica*, Vol. 48 (March), pp. 1–49.	Distributed Separately Reference only Reference only
L–7	**Cointegration II: Johansen Methodology** Enders, Walter, 2010, "Chapter 6: Cointegration and Error-Correction Models," in *Applied Econometric Time Series* (New York: John Wiley & Sons, 3rd ed.), pp. 385–405. *Supplementary:* Johansen, Soren, 1988, "Statistical Analysis of Cointegration Vectors," *Journal of Economic Dynamics and Control*, Vol. 12, No. 2–3, pp. 231–254.	Distributed Separately Reference only
L–8	**Vector Error Correction Models: Formulation, Hypothesis Testing, and Forecasting** Johansen, Soren, 1991, "Estimation and Hypothesis Testing of Cointegrating Vectors in Gaussian Vector Autoregressive Models," *Econometrica*, Vol. 59, No. 6 (Nov), pp. 1551–1580.	Distributed Separately
L–9	**Forecast Uncertainty and Forecast Evaluation** No reading assigned.	
L–10	**State Space Representation of Dynamic Models** EViews 6 Users Guide II, 2007, Chapter 35 "States Space Models and the Kalman Filter," (Irvine, CA: Quantitative Micro Software, LLC). *Supplementary*: Welch, Greg and Gary Bishop, 2006, "An Introduction to the Kalman Filter." Available via: http://www.cs.unc.edu/~welch/kalman/kalmanIntro.html	Eviews Help Menu Link Only

Session	Topic	Source
L–11	**Forecasting and Smoothing Using the Kalman Filter** Stock, James H., and Mark W. Watson, 2002, "Macroeconomic Forecasting Using Diffusion Indexes," *Journal of Business & Economic Statistics*, Vol. 20, No. 2, pp. 147–62.	Distributed Separately
L–12	**Combining Forecasts from Different Sources** Stock, James H., and Mark W. Watson, 2004, "Combination Forecasts of Output Growth in a Seven-Country Data Set," *Journal of Forecasting*, Vol. 23, No. 6, pp. 405–430. Prepublication draft of paper available via: http://www.princeton.edu/~mwatson/papers/apf_4.pdf *Supplementary*: Clemen, Robert, 1985, "Combining Forecasts: A Review and Annotated Bibliography," *International Journal of Forecasting*, Vol. 5, No. 4, pp. 559–583. *Supplementary*: Hansen, Bruce E., 2007, "Least Squares Model Averaging," *Econometrica*, Vol. 75, No. 4, pp. 1175–1189.	Course Website Reference only Reference only
L–13	**Modeling and Forecasting Volatility: The ARCH Model and its Descendants** Enders, Walter, 2010, "Chapter 3: Modeling Volatility," and "Chapter 7: Nonlinear Time-Series Models," in *Applied Econometric Time Series* (New York: John Wiley & Sons, 3rd ed.), pp. 121–180 and pp. 428–487. *Supplementary:* Bollerslev, Tim, 1986, "Generalized Autoregressive Conditional Heteroskedasticity," *Journal of Econometrics*, Vol. 31, No. 3, pp. 307–327.	Distributed Separately Reference only
L–14	**Modeling Strategies and Policy Analysis: Inflation in Australia** No reading assigned.	
L–15	**Practical Considerations for Implementing Macro Forecasting Procedures** No reading assigned.	