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Abstract

Title: Forecasting in a data poor environment: Some practitioners' concerns

Forecasts of macroeconomic data are both in high demand and highly challenging not only because the available data often is poor but also because the objective function for forecast optimisation is rather fuzzy. We look at seemingly "standard" forecasting problems such as forecasting GDP from the point of view of the forecast "customer" in the political budget process and contrast it with the perspective of the supplier of the forecast. The result is a forecast objective function that deviates significantly from forecast optimisation usually discussed in the literature. Finally, a specific forecasting problem is presented which illustrates the main arguments.