

Comments on:

**Monthly forecasting of French
GDP: a revised version of the
OPTIM model
B. Pluyaud**

By Hannah Kite, RBNZ, October 2007

Overview of the paper

- Models quarterly French GDP growth on a monthly basis
- Three monthly forecasts are produced each quarter, allowing for data to be incorporated at an early stage
- The model compares well to benchmarks

Overview of the paper

- Use of monthly forecasts, using monthly data allows for a more timely assessment of current economic conditions
- Business survey data is used in an optimal way

Results are encouraging

- The RMSE of aggregate GDP forecasts are largely superior to Insee and Banque de France forecasts despite being more timely
- Modelled production components account for 99 percent of the variation in production GDP

Questions?

- Potentially useful information may be left out of the model
 - ◆ Quarterly data excluded
 - ◆ Financial data excluded
- Rolling forecast exercise compared to AR benchmark
- Comparison of components with structural model forecasts?

Questions?

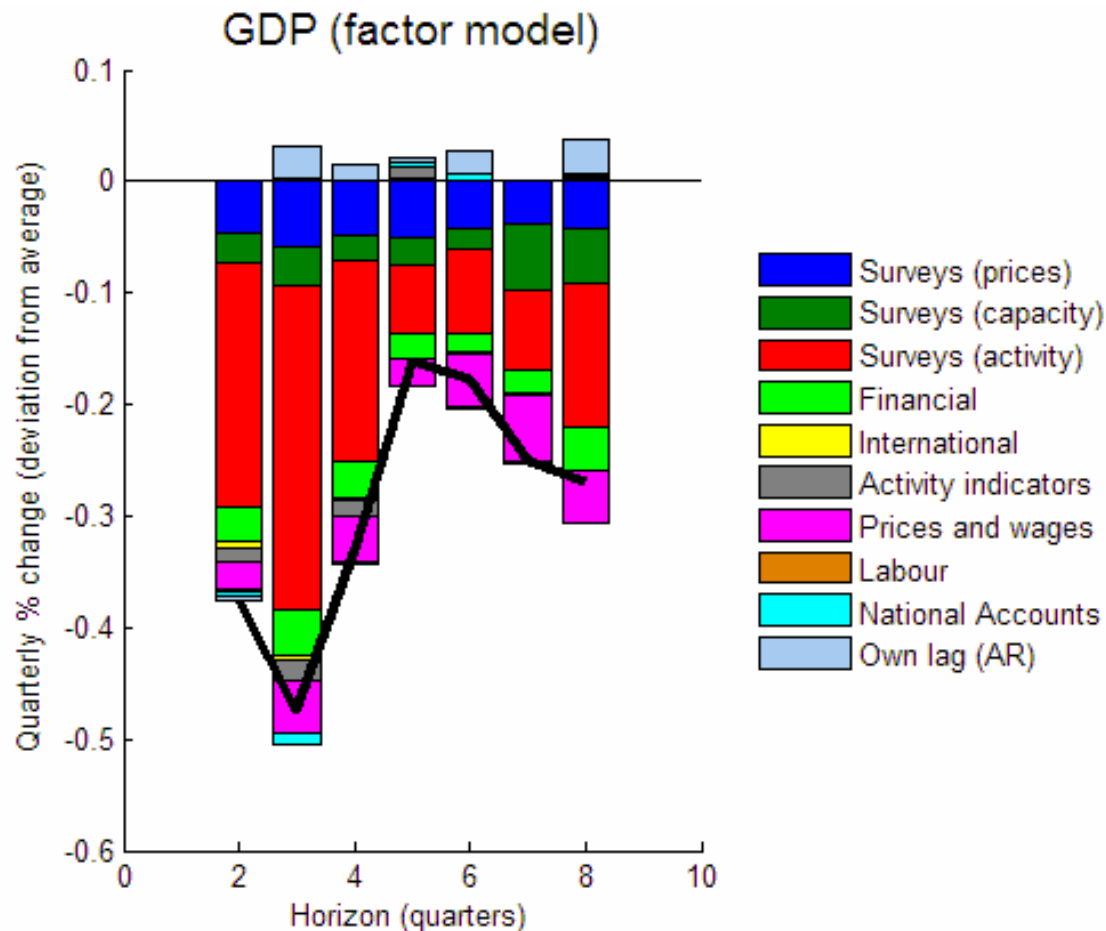
- Economic interpretation of indicator models
 - ◆ Proportion of equations selected by GRO CER retained?
 - ◆ Examples of judgements made to include/exclude equations based on economic content?
 - ◆ Comparison to results where no judgement has been made?
- Factor models not included due to difficulty for economic interpretation

New Zealand

- Develop alternative statistical models for risk analysis
- Factor model estimated using unbalanced real-time panels of quarterly data
- Marginal value of each data releases to the factor model assessed
- Business survey data found to be particularly important for GDP forecasts - irrespective of publication lag

New Zealand

Factor model forecast of GDP growth: contribution to the deviation from average (as a quarterly change)



Conclusion

- Useful and informative paper – thank you!

Reference

See *'An analysis of the informational content of New Zealand data releases: the importance of business opinion surveys'*

Troy Matheson, September 2007

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