
JOINT VIENNA MACROECONOMICS SEMINAR

November 10, 2011, 5 pm

**Institute for Advanced Studies
1060 Vienna, Stumpergasse 56
HS II (lecture room II)**

Raffaella Giacomini

University College London

Incorporating theoretical restrictions into forecasting by projection methods

We propose a method for modifying a given density forecast in a way that incorporates the information contained in theory-based moment conditions. An example is "improving" the forecasts from atheoretical econometric models, such as factor models or Bayesian VARs, by ensuring that they satisfy theoretical restrictions given for example by Euler equations or Taylor rules. The method yields a new density (and thus point-) forecast which has a simple and convenient analytical expression and which by construction satisfies the theoretical restrictions. The method is flexible and can be used in the realistic situation in which economic theory does not specify a likelihood for the variables of interest, and thus cannot be readily used for forecasting.

with Giuseppe Ragusa (Luiss University)

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NOTE: Participation of advanced students in this seminar is highly recommended.

JOINT VIENNA MACROECONOMICS SEMINAR

Walter H. Fisher (Institute for Advanced Studies),
Eduard Hochreiter (Joint Vienna Institute) and **Jaromir Hurnik** (Joint Vienna Institute)

Venue: Institute for Advanced Studies, 1060 Vienna, Stumpergasse 56

Schedule Fall/Winter 2011/2012

UNIT	DATE	ROOM	SEMINAR
1	Thu, Sept 29 5:00 pm	HS II	Burkhard Drees , International Monetary Fund and Joint Vienna Institute
2	Thu, Oct 13 5:00 pm	HS II	Gilles Saint-Paul , Toulouse School of Economics
3	Thu, Nov 10 5:00 pm	HS II	Raffaella Giacomini , University College London <i>Incorporating theoretical restrictions into forecasting by projection methods</i>
4	tba	HS II	Robert J. Hill , University of Graz

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