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10. GW Test for Conditional Predictive - Random Walk Model
11. GW Test for Conditional Predictive Ability - 2 GDP VAR; 12. GW Test for Conditional Predictive Ability - 3 GDP VAR; VI. Conclusions; References; Footnotes

Sommario/riassunto

The U.S. business cycle typically leads the European cycle by a few quarters and this can be used to forecast euro area GDP. We investigate whether financial variables carry additional information. We use vector autoregressions (VARs) which include the U.S. and the euro area GDPs as a minimal set of variables as well as growth in the Rest of the World (an aggregation of seven small countries) and selected combinations of financial variables. Impulse responses (in-sample) show that shocks to financial variables influence real activity. However, according to out-of-sample forecast exercises usin
