

Forecast Projects

- In our first lecture, I presented a forecast for the Wisconsin State Unemployment Rate
- Since then, the BLS has significantly revised the historical series
 - That initial forecast is hard to assess
- Let's consider my recent 4 monthly forecasts
 - January, February, March and April
 - 12-month forecasts

Point Forecasts	January Forecast	February Forecast	March Forecast	April Forecast	Actual
2010: 1	8.6%				8.7%
2010: 2	8.5%	8.6%			8.7%
2010: 3	8.3%	8.5%	8.7%		8.8%
2010: 4	8.1%	8.3%	8.6%	8.8%	
2010: 5	7.9%	8.2%	8.5%	8.7%	
2010: 6	7.7%	8.1%	8.3%	8.6%	
2010: 7	7.8%	7.9%	8.2%	8.4%	
2010: 8	7.6%	7.8%	8.1%	8.2%	
2010: 9	7.6%	7.7%	7.9%	8.1%	
2010:10	7.5%	7.7%	7.8%	8.0%	
2010:11	7.4%	7.5%	7.7%	7.8%	
2010:12	7.3%	7.4%	7.7%	7.7%	
2011:1		7.2%	7.6%	7.6%	
2011:2			7.4%	7.5%	
2011:3				7.3%	

80% Interval Forecasts	January Forecast	February Forecast	March Forecast	April Forecast	Actual
2010: 1	(8.3%, 9.0%)				8.7%
2010: 2	(8.0%, 9.0%)	(8.4%, 8.7%)			8.7%
2010: 3	(7.7%, 8.9%)	(8.2%, 8.8%)	(8.5%, 8.8%)		8.8%
2010: 4	(7.4%, 8.8%)	(7.8%, 8.8%)	(8.3%, 8.9%)	(8.6%, 8.9%)	
2010: 5	(7.1%, 8.7%)	(7.4%, 8.9%)	(7.9%, 8.9%)	(8.4%, 9.0%)	
2010: 6	(6.9%, 8.6%)	(7.2%, 8.9%)	(7.6%, 8.9%)	(8.0%, 9.0%)	
2010: 7	(6.8%, 8.8%)	(6.9%, 8.9%)	(7.4%, 8.9%)	(7.7%, 9.0%)	
2010: 8	(6.6%, 8.8%)	(6.8%, 8.9%)	(7.1%, 8.9%)	(7.4%, 9.0%)	
2010: 9	(6.5%, 8.9%)	(6.6%, 8.9%)	(6.9%, 9.0%)	(7.1%, 9.0%)	
2010:10	(6.3%, 8.9%)	(6.4%, 9.0%)	(6.7%, 9.0%)	(7.0%, 9.0%)	
2010:11	(6.1%, 8.9%)	(6.3%, 9.0%)	(6.6%, 9.1%)	(6.8%, 9.0%)	
2010:12	(5.9%, 8.8%)	(6.0%, 8.9%)	(6.4%, 9.1%)	(6.6%, 9.0%)	
2011:1		(5.8%, 8.7%)	(6.2%, 9.1%)	(6.4%, 9.0%)	
2011:2			(6.0%, 8.9%)	(6.2%, 9.0%)	
2011:3				(5.9%, 8.9%)	

50% Interval Forecasts	January Forecast	February Forecast	March Forecast	April Forecast	Actual
2010: 1	(8.4%, 8.8%)				8.7%
2010: 2	(8.1%, 8.8%)	(8.5%, 8.7%)			8.7%
2010: 3	(7.9%, 8.7%)	(8.2%, 8.7%)	(8.5%, 8.7%)		8.8%
2010: 4	(7.6%, 8.5%)	(7.9%, 8.6%)	(8.4%, 8.7%)	(8.7%, 8.8%)	
2010: 5	(7.2%, 8.3%)	(7.6%, 8.5%)	(8.1%, 8.7%)	(8.5%, 8.8%)	
2010: 6	(7.0%, 8.1%)	(7.4%, 8.5%)	(7.8%, 8.6%)	(8.1%, 8.8%)	
2010: 7	(7.0%, 8.2%)	(7.1%, 8.5%)	(7.6%, 8.6%)	(7.8%, 8.7%)	
2010: 8	(6.8%, 8.1%)	(6.9%, 8.4%)	(7.3%, 8.5%)	(7.6%, 8.7%)	
2010: 9	(6.7%, 8.2%)	(6.8%, 8.3%)	(7.1%, 8.5%)	(7.3%, 8.6%)	
2010:10	(6.6%, 8.1%)	(6.7%, 8.3%)	(6.9%, 8.4%)	(7.1%, 8.5%)	
2010:11	(6.4%, 8.1%)	(6.5%, 8.2%)	(6.8%, 8.4%)	(6.8%, 8.4%)	
2010:12	(6.0%, 7.9%)	(6.3%, 8.0%)	(6.7%, 8.3%)	(6.6%, 8.4%)	
2011:1		(6.0%, 7.8%)	(6.5%, 8.2%)	(6.7%, 8.3%)	
2011:2			(6.2%, 8.0%)	(6.4%, 8.2%)	
2011:3				(6.2%, 8.0%)	

Summary

- Actual Unemployment was higher than forecasted
- Actual unemployment was contained in 6 of 6 80% forecast intervals
 - 100% success
- Actual unemployment was contained in 3 of 6 50% forecast intervals
 - 50% success