



“Is there an optimal forecast combination?”

(in English)

Dr. WAN Shui Ki
Assistant Professor
Department of Economics
Hong Kong Baptist University



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Biography

Shui Ki Wan received her BBA and MSc degrees from the Hong Kong University of Science and Technology, and PhD degree in Economics from the University of Southern California. She joined Hong Kong Baptist University as an Assistant Professor in September 2010. Her research interests are in areas of financial economics and theoretical econometrics.

Abstract

We suggest four forecast combination methods – an eigenvector and a mean corrected eigenvector approach for large sample, a mean, and a mean and scale corrected simple average of all predictive models for finite sample. Monte Carlos are conducted to compare the finite sample performance of these and some popular forecast combination and information combination methods and to shed light on the issues of “forecast combination” vs “information combination”. We also try to shed light on whether there exists an optimal forecast combination method by comparing various forecast combination methods to predict US real output growth rate and excess equity premium.

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