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## Summary of the 8th International Institute of Forecasters workshop hosted by Banque de France
## 1ˢᵗ-2ⁿᵈ of December 2011, Paris

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➢ The 8ᵗʰ IIF workshop took place this year in Paris, the 1ˢᵗ and 2ⁿᵈ of December 2011, and was hosted by the Banque de France. This workshop, dedicated to the specific topic of "Forecasting the Business Cycle", is the 8th of a series of workshops launched by the IIF in 2003 with the aim of gathering a small number of experts in a particular field of forecasting.

➢ This year, the Banque de France has proposed to host this workshop in order to present and discuss works on applied macroeconomic research related to the analysis and the predictability of economic cycles. In this respect, the organizers have gathered well-known academics and researchers from several international and national institutions. Indeed, speakers were A. Banerjee (Banque de France, France and U. Birmingham, UK), F. Bec (Univ. Cergy, France), D. van Dijk (Univ. Rotterdam, The Netherlands), E. Ghysels (UNC, USA), D. Giannone (ULB, Belgium), S. J. Koopman (Vrije Univ. Amsterdam, The Netherlands), M. Marcellino (EUI, Italy), A. Ozyildirim (The Conference Board, USA), G. Perez Quiros (Banco de España, Spain), B. Rossi (Duke Univ., USA), T. Teräsvirta (Univ. Aarhus, Denmark), and the discussions were carried out by K.-A. Aasveit (Norges Bank, Norway), G. Amisano (ECB, Germany), G. Chevillon (Essec Business School, France), E. Dubois (INSEE, France), C. Lopez (Banque de France, France), M. McCracken (St Louis Fed, USA), J. Mitchell (NIESR, UK), L. Monteforte (Banca d'Italia, Italy), C. Schumacher (Deutsche Bundesbank, Germany) , G. Sestieri (Banque de France, France) and R. Vigfusson (Fed Board, USA).

➢ At the current juncture, it seems timely to join forces between academic researchers and policy-makers. Since mid-2007, the global economy has been hit by strong adverse shocks making now economic forecasting more uncertain than ever. The recent macroeconomic and financial evolutions will likely fuel academic research in the coming years, just like there is still a lively debate today on the causes of the Great Depression.

➢ Several stylized facts of this recent "Great Recession" were put forward during the workshop. Among others we can quote (i) the large degree of synchronization among the main industrialized countries during the recession, (ii) the huge amplitude of the cycles, never seen since the Great Depression and quite unexpected after many years of "Great Moderation", (iii) the specific role of financial market variables in the business cycle, quite uneasy to integrate within macroeconomic models, or (iv) evidence of non-linear relationships between key macroeconomic variables.

➢ During the workshop, speakers assessed the predictability of business cycles from various perspectives. On the one hand, D. Van Dijk, A. Ozyildirim, G. Perez-Quiros or F. Bec proposed to analyse the business cycle through peaks and troughs in the cycle, for example but trying to forecast or at least to nowcast the beginning and the end of recession periods, using various innovative univariate and multivariate time series models. On the other hand, papers presented for example by M. Marcellino, T. Teräsvirta, A. Banerjee or S.-J. Koopman have considered the business cycle as the evolutions of short-term macroeconomic activity, and have consequently put forward and compared innovative econometric models in order to increase forecast accuracy.

➢ Measures of uncertainty were also largely evoked, as for example in the papers by B. Rossi, E. Ghysels or D. Giannone, pointing out the usefulness for practitioners to get not only point forecasts but also estimates of the whole distribution of forecasts in order to better assess upward and downward risks.

➢ All the papers presented have made efforts to take into account specific characteristics of data such as large available datasets, ragged-edge issues or the use of vintage data to assess real-time forecasts. In addition, many papers also consider the issue of high frequency variables in order to predict a target variable sampled at a lower frequency (typically the Gross Domestic Product).

➢ Interesting interactions took place between the audience and the speakers leading to lively debates on methods, data and empirical results. The program of the workshop is available at : http://www.banque-france.fr/gb/publications/seminaires/BDF-IIF-WORKSHOP.htm Note that a selection of the papers presented during this workshop will appear in Special Issue of the *International Journal of Forecasting*, one of the leading journals in the forecasting field, published by the IIF.