Unraveling the Exogenous Forces Behind Analysts' Macroeconomic Forecasts

Download Keep in mind
The series Working Papers on Economics is published by the Office for Economic Studies at the *Banco de la República* (Central Bank of *Colombia*). It contributes to the dissemination and promotion of the work by researchers from the institution. This series is indexed at Research Papers in Economics (RePEc).

On multiple occasions, these works have been the result of collaborative work with individuals from other national or international institutions. The works published are provisional, and their authors are fully responsible for the opinions expressed in them, as well as for possible mistakes. The opinions expressed herein are those of the authors and do not necessarily reflect the views of Banco de la República or its Board of Directors.

AUTHOR OR EDITOR De Castro-Valderrama, Marcela Forero-Alvarado, Santiago Moreno-Arias, Nicolás Naranjo-Saldarriaga, Sara
The series Borradores de Economía (Working Papers on Economics) contributes to the dissemination and promotion of the work by researchers from the institution. On multiple occasions, these works have been the result of collaborative work with individuals from other national or international institutions. This series is indexed at Research Papers in Economics (RePEc). The opinions contained in this document are the sole responsibility of the author and do not commit Banco de la República or its Board of Directors.

Publication Date: Thursday, 9 of December 2021 **Abstract** Modern macroeconomics focuses on the identification of the primitive exogenous forces generating business cycles. This is at odds with macroeconomic forecasts collected through surveys, which are about endogenous variables. To address this divorce, our paper uses a semi-structural general equilibrium model as a multivariate filter to infer the shocks behind economic analysts' forecasts and thus, unravel their implicit macroeconomic stories. By interpreting all analysts' forecasts through the same lenses, it is possible to understand the differences between projected endogenous variables as differences in the types and magnitudes of shocks. It also allows to explain market's uncertainty about the future in terms of analysts' disagreement about these shocks. The usefulness of the approach is illustrated by adapting the canonical SOE semi-structural model in Carabenciov et al. (2008a) to Colombia and then using it to filter forecasts of its Central Bank's Monthly Expectations Survey during the COVID-19 crisis.

Fuente: https://www.banrep.gov.co/en/unraveling-exogenous-forces-behind-analysts-macroeconomic-forecasts