

Short-Run Forecasting of Argentine GDP Growth*

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Abstract

In this paper, we propose a small-scale dynamic factor model for monitoring Argentine GDP in real time using economic data at mixed frequencies (monthly and quarterly). Our model not only produces a coincident index of the Argentine business cycle in striking accordance with professional consensus and the history of the Argentine business cycle, but also generates accurate short-run forecasts of Argentine GDP growth. By using a simulated real-time empirical evaluation, we are able to demonstrate that our model produces reliable backcasts, nowcasts and forecasts well before the official data is released.

Keywords: Real-time forecasting, Argentine GDP, business cycles, state-space models, mixed frequencies.

JEL: C22, C53, E27, E32, E37.

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