



## Forecast Accuracy Awards - Methodology Note

The Forecast Accuracy Awards were determined using Mean Absolute Error analysis. The errors measured were the differences between the forecasts and the actual data outturns. The forecaster with the lowest average error rate was deemed to have been the most accurate over the testing period.

### The Forecasts Used

The forecasts we examined were our panellists' monthly survey contributions for 2023 Real GDP growth and 2023 Consumer Price Inflation (CPI) expectations (annual average or Dec/Dec % change). We began collecting these forecasts in January 2022, and the 24 month forecasting cycle ended in December 2023, providing 24 monthly data points to test for each variable.

### The Outturns Used

The outturns we used as a comparison to the forecasts were the official estimates of 2023 GDP and CPI, which are being released between January and April 2024, depending on the country and variable concerned.

### The Calculation

When calculating the error (the difference between the forecast and the outturn) we looked at the absolute errors, ignoring sign, as errors resulting from over-estimation and under-estimation are equivalent. We then calculated the mean average absolute error for the forecasts of each panellist for both GDP and CPI over the 24 month forecasting period.

### Establishing the Most Accurate Forecaster

To determine the most accurate forecaster for a given year, we added together the mean absolute error rates for GDP and Inflation to identify the panellist with the lowest overall error rate. Smaller errors are best when considering accuracy, and to win the award requires the panellist to have exhibited a strong forecasting performance across both GDP and Inflation variables over the 24 month forecasting period.

### Qualification

To be considered for the award, a panellist needed to have participated consistently in our monthly surveys over the 24 month forecasting period. This ensured that no panellist gained an advantage through non-participation, or by only providing forecasts toward the end of the 24 month cycle, when the steady release of official data can assist forecasters in making revisions.

### Missed Surveys

In cases where a forecaster was absent from a monthly survey (but still met our overall participation conditions) we assumed that their forecast was unchanged from the prior month and repeated it, in order to prevent a gap in the 24 month series.