

MPE_AMEM: Final Project

Tomas Motl, Course for Masaryk University, Spring 2023

Setup

We start forecast in 2015Q1.

First, run just "plain forecast" = forecast without any shocks (except the external assumptions, they should always be there automatically).

Second, identify the shocks that we should add to the forecast, based on your understanding of what happened in Azerbaijan in 2015-2016.

Third, impose the shocks. You might need to try out a few different magnitudes.

Fourth, compare your forecast to reality. Iterate if necessary.

Output

Two parts: forecast and text.

Forecast = HTML report generated by the codes + Matlab figure comparing forecast and historical data (either as .fig or as .png or .jpeg) + CSV with tunes.

Text = approx 1.5 page explaining the rationale behind the text

About the text:

- Audience is your macroeconomics teachers: do not know QPM, but understand jargon and economics
- I'll provide examples in Study materials; you should not put so many numbers and so much background, go for something similar but simpler
- Describe the whole forecast period - immediate shocks + long term trends
- Describe the underlying cause and transmission mechanism, only then explain the impact on headline variables
- Avoid talking about technical model variables (gaps and trends), use normal economic language
- This is a test if you really understand what drives the numbers

Deadline May 31, 8pm, send by email.

