DISCUSSION: "Predicting the US Recessions: Does a 'Wishful' Bias Exist?" by S.V. Smirnov and A.D. Gromov

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  2. biasedness (+) of forecasts of 3 and 4 quarters ahead;
  3. biasedness (+) of forecasts made at peaks or troughs of the business cycle.
- Based on their findings authors argue that there is a wishful bias in forecasts against predicting recessions.

Five Remarks

- Robustness:
  - Which actual data to choose (first actual, later vintage?); bias might be induced by yardstick against which biasedness is measured
    $==>$ do results hold across different actual vintages?
  - Results might be driven by sample chosen (Croushore (2010))
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  - Standard errors take into consideration issue of overlapping observations?
- How about comparing Government's to SPF's GDP forecasts?

Literature

Croushore, D. (2010), 'An Evaluation of Inflation Forecasts from Surveys Using Real-Time Data', *B.E. Journal of Macroeconomics*, 10(1), 1-32.

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