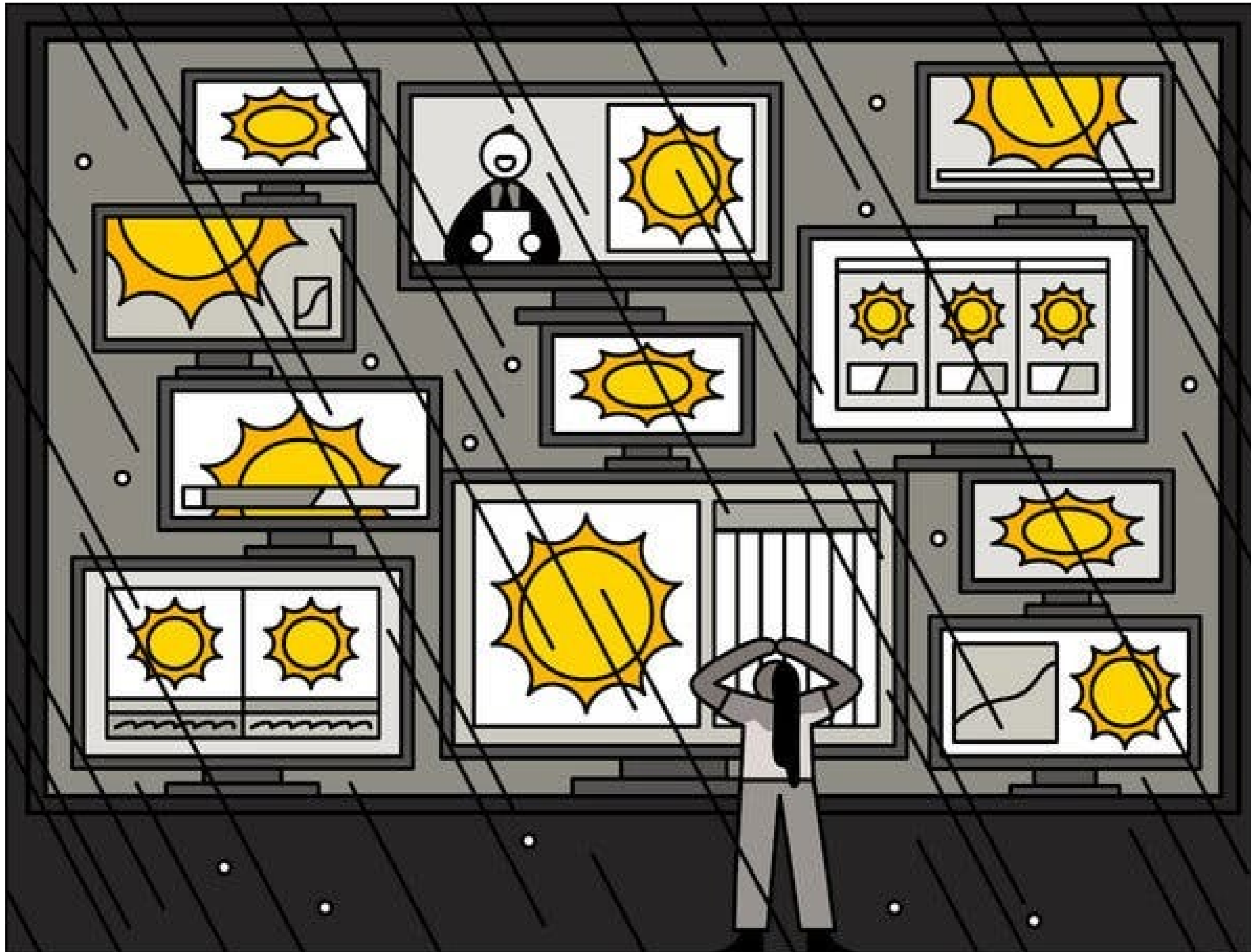


HOW FORECASTING AGENCIES GET THINGS SO WRONG (SO FREQUENTLY)



HOW WELL CAN WE RELY ON FORECASTERS?

For the vast majority of the time, forecasting agencies get things wrong in all walks of life.

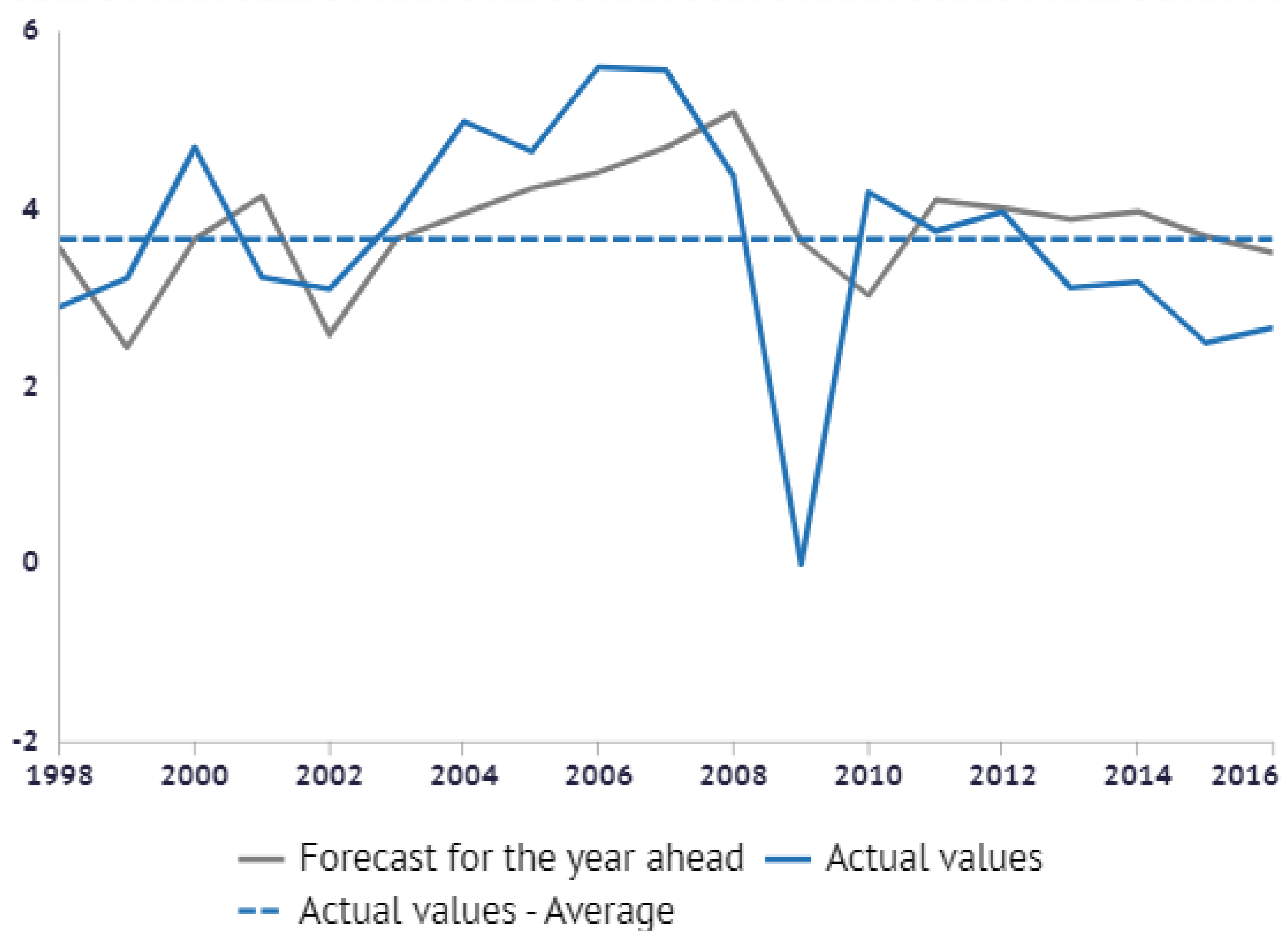
I only call on forecasters to drop over-confidence and fake pretence when making predictions – It's just a simple call for more humility and transparency with audiences prior to making choices and committing precious and rare resources. Forecasts bear inherent errors of course, but the amplitudes of those errors can be greatly minimized with more profound insights about qualitative factors but most of all, humility.

- Economics
- Stock markets
- Climate change
- Finance
- Marketing
- Digital media
- Nutrition
- Medicine
- Astronomy
- Physics
- Nuclear energy
- Palaeontology
- Conservation
- Politics



GDP GROWTH FORECAST AND ACTUAL VALUES (PERCENT)

(Average across all agencies and all countries)



VARIANCE OF FORECASTS AND ACTUAL ESTIMATES

	All observations			
	N	σF	σA	$\delta (\sigma F), \%$
Real GDP Growth all countries	5,940.0	2.6	3.8	45.0
Developed (G-7)	484.0	1.0	1.9	89.0
Developed except G-7	1,406.0	2.0	3.5	75.0
BRICS	278.0	2.3	3.5	52.0
Developing, high income level	397.0	2.6	4.6	74.0
Developing, middle income level	2,258.0	2.4	3.7	56.0
Least Developed	1,117.0	3.0	3.7	25.0
CPI inflation growth all countries	4,473.0	5.0	6.3	25.0
Developed (G-7)	386.0	0.8	1.2	44.0
Developed except G-7	1,238.0	1.4	2.0	37.0
BRICS	135.0	2.9	3.7	25.0
Developing, high income level	342.0	2.4	3.2	31.0
Developing, middle income level	1,552.0	6.2	7.6	23.0
Least Developed	820.0	5.6	7.6	36.0
Unemployment rate, all countries	1,569.0	4.4	4.5	2.0
Developed (G-7)	299.0	2.2	2.2	-1.0
Developed except G-7	890.0	4.4	4.5	2.0
BRICS	17.0	8.4	8.7	4.0
Developing, high income level	74.0	4.6	5.0	10.0

Legend:

- $\sigma F, \sigma A$ – standard deviations of forecasts and actual estimates, respectively;
- $\delta (\sigma F)$ – relative error of standard deviations of forecasts (underestimation of actual variation if positive, overestimation of actual variation if negative)
- Sources: The Seven Wise Men research department and Knoema

U.S. GDP GROWTH ONE YEAR AHEAD FORECAST – ACCORDING TO 6 DIFFERENT SOURCES

(Percentage)

