

The closer we get, the better we are?

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Abstract

Applying a bootstrap test procedure to a unique Israeli dataset of inflation forecasts, we show that forecasts tendency to improve across forecasting horizons, is state dependent. Our findings suggest that the accuracy of updated forecasts is significantly improved only in periods of relatively high inflation rates, while in a low inflation environment the improvement is statistically insignificant.

JEL codes: D83, E27,E37, E47

Keywords: survey forecasts, accuracy, forecasting horizon, bootstrap.

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