
Forecasting 1980

In the summer 1979 issue of the Quarterly Review were two articles on a new — and perhaps better — technique of economic forecasting: vector autoregression (VAR). In the first article in this issue, “The U.S. Economy in 1980,” Preston J. Miller, Thomas M. Supel, and Thomas H. Turner put a VAR model to work forecasting for 1980 and measuring the effects of the unexpectedly rapid rise in oil prices. In the second article, “Estimating the Effects of the Oil-Price Shock,” they explain in more technical terms how they used their VAR model to forecast and to determine the effects of the rise in oil prices.

The views expressed herein are those of the author and not necessarily those of the Federal Reserve Bank of Minneapolis or the Federal Reserve System.