Hitting CBO Targets

1 How to hit the target

CBO supplies a set of macroeconomic projection series denoted X_t^{CBO}.

Based on this the microsim model generates a set of tax revenue series denoted R_t^{CBO}.

Using the dynamic macro model with parameter inputs Θ we generate a subset of the macroeconomic series forecasts denoted X_t^{OLG}.

Bases on this the microsim model generates a set of tax revenue series denoted R_t^{OLG}.

Define the difference between the two reveue forecasts to be $\Delta R_t = R_t^{OLG} - R_t^{CBO}$.

Use a subset of parameter values $\theta \in \Theta$ to mininmize a distance norm: $||\Delta R_t||_{t=1}^N$.