Forecasting
International
Trade
Patterns
(ex-post) for
India amidst
Crisis

Anirudh
Jayaraman,
Ekta Paul

Forecasting
Trade
Objective
Motivation

Empirical
Aspects
Data
Methodology

Summary

Forecasting International Trade Patterns (ex-post) for India amidst Crisis
A time series approach

Anirudh Jayaraman   Ekta Paul

M.Sc, Economics
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Outline

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- Predict next 4 quarters' import demand with information available up to 4Q'07.

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  - **import data are more reliably collected** than export data since they are assessed more carefully for tariffs by customs.

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- Predict next 4 quarters' import demand with information available up to 4Q'07.
  - **import data are more reliably collected** than export data since they are assessed more carefully for tariffs by customs.
  - the **estimation of export demand requires information on world demand and world prices**, which are more difficult to obtain than national data required for estimating import demand.

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    - the primary purpose of these models isn't producing forecasts (IMF 2003; Rae and Turner, 2001: 4).

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- ∴ **modelling structure** and the need for **consistency** dictates the forecasts.
  - perhaps if model restrictions were relaxed, more useful predictions might result.
- *Secondly*, both OECD and the IMF rely on 'expert judgement' in making predictions.
  - Dreher et al. (2008) demonstrate that there may be a substantial degree of intransparency because forecasts may be politically motivated.

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- The key variables being looked at are import demand, private consumption, gross fixed capital formation, oil prices and government spending.

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  - **Multivariate Models**: ADL(p,q) & VAR models.
  - **GARCH Effects**: Tests for volatility clustering.

References I

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Appendix
References

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