**Questions Regarding Nowcasting**

Nowcasting is the prediction of the present, very near future, and very near past in economics. We are not looking to build a predictive model, we are looking to take the actual variables that comprise what we are looking for to figure out our target variable. For example, instead of using an econometric model for inflation, using web scraping of millions online prices are more accurate.

* **How is nowcasting useful for something like the VIX that already has a minute-to-minute index?**
  + **I see how nowcasting is useful for unemployment numbers, inflation, etc. because those numbers are not constantly updated; however, the VIX is.**
* *Possible answer to my question:*
  + Nowcasting the vix is not what we need, we need to be able to nowcast current economic conditions to determine what **REGIME** we are in. If we can nowcast the regime, then we can determine the risk-on/risk-off strategy we should do 🡪 **the r package I found could be very helpful with that.**
* The article talks about making hypotheses and testing those

**Process to nowcasting:**

1. Identify cause-effect mechanism (unemployment impacts consumption)
2. Develop investment strategy to monetize the mechanism (buy retail stocks with locations in areas with least unemployment and short retail stocks with locations in areas of most unemployment)
   1. **This is a big key and breaks project down into 2 main segments (what is the investment strategy and how to find regime for that strategy)**
3. Evaluate performance while assuming perfect knowledge (**we know the regime for example we know the weekly unemployment numbers)**
4. Replace perfect knowledge with nowcasted estimates

**Now casting could be used for weekly volatility**