Surveying Professional Forecasters
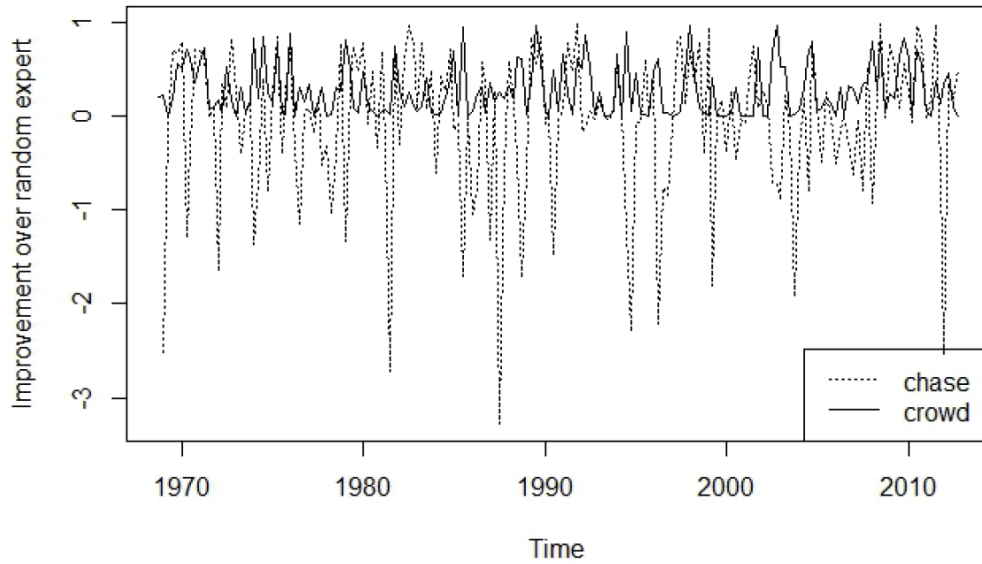

Figure 1. Time series of two strategies when forecasting U.S. nominal GDP:
Go with the crowd (solid) or the chase the expert (dotted).[1]

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[1] The crowd's improvement over the random expert is defined by (random expert's APE − crowd's APE) / random expert's APE. APE stands for absolute percentage error. In each quarter, the crowd's forecast is the panelists' average forecast in that quarter. The chase-the-expert strategy is to use the forecast for that quarter of the most accurate forecaster from the previous quarter. Its improvement over the random expert is defined by (random expert's APE – chase-the-expert strategy's APE) / random expert's APE.