

**Table 1.** Forecasting results for the 12-month horizon.

Est.	$p$	$k$	$\bar{k}$	IP	PI	Emp.	CPI	PCE	PPI
PC	0	4	4.00	0.9779	0.9136	1.0048	1.9076	2.1877	2.0729
PC-S	0	4	4.00	<b>0.9473</b>	0.9100	0.9926	1.9003	2.1079	2.0883
LAD	0	4	4.00	1.0458	0.9669	1.0712	2.0736	2.3995	2.8895
LAD-MAD	0	4	4.00	0.9881	0.8711	1.0021	2.1648	2.3831	2.6206
PC	0	IC <sub>1</sub>	9.44	1.0565	0.9578	1.0434	2.2411	2.1156	2.0273
PC-S	0	IC <sub>1</sub>	4.34	1.0440	0.9493	1.1457	2.0854	2.1178	2.1754
LAD	0	IC <sub>1</sub>	4.99	1.0791	0.9924	1.0712	2.0818	2.2840	2.1451
LAD-MAD	0	IC <sub>1</sub>	2.42	0.9549	0.8329	0.8796	1.8065	2.3563	2.8930
PC	6	IC <sub>1</sub>	9.44	1.0608	0.9689	0.9951	1.4685	1.2472	1.2120
PC-S	6	IC <sub>1</sub>	4.34	1.0681	0.9756	1.1359	1.5277	1.2711	1.2075
LAD	6	IC <sub>1</sub>	4.99	1.0913	1.0154	1.0931	1.5917	1.2358	1.1851
LAD-MAD	6	IC <sub>1</sub>	2.42	0.9555	0.8584	0.8890	<b>1.0519</b>	<b>1.0938</b>	1.1510
PC	BIC	IC <sub>1</sub>	9.44	1.0565	0.9578	0.9904	1.4685	1.2557	1.2120
PC-S	BIC	IC <sub>1</sub>	4.34	1.0466	0.9493	1.1325	1.5277	1.2722	1.2075
LAD	BIC	IC <sub>1</sub>	4.99	1.0799	0.9924	1.0798	1.5917	1.2460	1.1851
LAD-MAD	BIC	IC <sub>1</sub>	2.42	0.9547	0.8327	0.8889	1.0525	1.1148	1.1508
PC	BIC	IC <sub>2</sub>	8.27	1.0359	0.9442	0.9947	1.4129	1.2397	1.1889
PC-S	BIC	IC <sub>2</sub>	4.05	1.0459	0.9444	1.1329	1.5149	1.2685	1.2058
LAD	BIC	IC <sub>2</sub>	4.65	1.0618	0.9757	1.0800	1.5849	1.2627	1.1961
LAD-MAD	BIC	IC <sub>2</sub>	1.93	0.9647	<b>0.8015</b>	<b>0.8618</b>	1.1031	1.1162	<b>1.1481</b>
PC	BIC	IC <sub>3</sub>	12.00	1.0806	0.9522	0.9736	1.5759	1.2383	1.2125
PC-S	BIC	IC <sub>3</sub>	6.98	1.0537	0.9701	1.0971	1.5661	1.2663	1.2146
LAD	BIC	IC <sub>3</sub>	7.76	1.1033	1.0174	1.0906	1.6378	1.2438	1.1889
LAD-MAD	BIC	IC <sub>3</sub>	4.41	1.0668	0.9102	1.0184	1.1289	1.1091	1.1571
PC	BIC	BIC		1.1113	0.9739	0.9966	1.3932	1.2295	1.1854
PC-S	BIC	BIC		1.0799	0.9945	1.0123	1.4032	1.2796	1.2067
LAD	BIC	BIC		1.1953	1.0225	1.0022	1.6402	1.2724	1.2004
LAD-MAD	BIC	BIC		1.1896	0.9892	1.0675	1.4260	1.3242	1.2650
U.Mean				1.1065	1.0474	1.7694	1.8285	2.2812	2.8351
U.Mean W				2.0358	1.6735	2.1555	2.1241	2.4766	3.2292
U.Median				1.2148	1.0775	2.1005	1.8211	2.2874	2.8375
U.Median W				2.2034	1.8243	2.2697	2.0114	2.4628	3.2089
RMSFE(AR)				4.3246	2.9236	1.5522	1.1548	1.5543	4.1868

Notes: Bold indicates lowest value in a column, underlined indicates lowest value within each of the seven main scenarios and the benchmark models. The average number of included factors is  $\bar{k}$ . The last row gives the RMSFE of the benchmark AR model.

**Table 2.** Forecasting results for the 6-month horizon.

Est.	$p$	$k$	$\bar{k}$	IP	PI	Emp.	CPI	PCE	PPI
PC	0	4	4.00	0.9898	0.8566	1.0212	2.0954	2.0448	1.8220
PC-S	0	4	4.00	<u>0.9454</u>	0.8556	0.9906	<u>2.0664</u>	<u>1.9563</u>	<u>1.8014</u>
LAD	0	4	4.00	1.0566	0.8966	1.0226	2.1796	2.1958	2.4715
LAD-MAD	0	4	4.00	0.9772	0.8114	0.9659	2.2263	2.2124	2.2824
PC	0	IC <sub>1</sub>	9.46	1.0458	0.9261	1.0262	2.2535	2.0803	<u>1.8187</u>
PC-S	0	IC <sub>1</sub>	4.35	1.0602	0.9063	1.1655	2.1512	<u>1.9541</u>	1.8604
LAD	0	IC <sub>1</sub>	4.99	1.0633	0.9004	1.0010	2.1670	2.1167	1.8827
LAD-MAD	0	IC <sub>1</sub>	2.45	<u>0.9766</u>	0.7879	0.8555	2.1107	2.1806	2.4532
PC	6	IC <sub>1</sub>	9.46	1.0874	0.9413	0.9145	1.1301	1.2331	1.1946
PC-S	6	IC <sub>1</sub>	4.35	1.1081	0.9312	1.0485	1.2110	1.2662	1.2246
LAD	6	IC <sub>1</sub>	4.99	1.1182	0.9455	0.9979	1.1527	1.2379	1.2055
LAD-MAD	6	IC <sub>1</sub>	2.45	<u>1.0317</u>	0.8264	0.8473	<b>0.8672</b>	<u>1.1461</u>	<u>1.1589</u>
PC	BIC	IC <sub>1</sub>	9.46	1.0458	0.9306	0.9516	1.1669	1.2370	1.1946
PC-S	BIC	IC <sub>1</sub>	4.35	1.0766	0.9104	1.0921	1.2435	1.2704	1.2246
LAD	BIC	IC <sub>1</sub>	4.99	1.0521	0.9038	1.0054	1.1618	1.2404	1.2055
LAD-MAD	BIC	IC <sub>1</sub>	2.45	<u>0.9770</u>	0.7915	0.8665	0.8978	<u>1.1583</u>	<u>1.1589</u>
PC	BIC	IC <sub>2</sub>	8.31	1.0104	0.9173	0.9438	1.1470	1.2279	1.1810
PC-S	BIC	IC <sub>2</sub>	4.06	1.0824	0.9034	1.1061	1.2359	1.2692	1.2241
LAD	BIC	IC <sub>2</sub>	4.66	1.0456	0.8983	1.0076	1.1836	1.2436	1.2121
LAD-MAD	BIC	IC <sub>2</sub>	1.97	<b>0.9288</b>	<b>0.7343</b>	<b>0.8437</b>	0.9456	<u>1.1403</u>	<u>1.1507</u>
PC	BIC	IC <sub>3</sub>	12.00	1.0764	0.9303	<u>0.9301</u>	1.2193	1.2642	1.2046
PC-S	BIC	IC <sub>3</sub>	6.97	1.0786	0.9609	1.0741	1.2130	1.2741	1.2297
LAD	BIC	IC <sub>3</sub>	7.73	1.0850	0.9273	1.0284	1.1677	1.2493	1.2125
LAD-MAD	BIC	IC <sub>3</sub>	4.41	<u>1.0433</u>	0.8361	0.9571	<u>0.9511</u>	<u>1.1530</u>	<u>1.1599</u>
PC	BIC	BIC		<u>1.0291</u>	0.9165	<u>0.9476</u>	1.1510	<b>1.1367</b>	<b>1.1345</b>
PC-S	BIC	BIC		1.0453	0.9197	0.9954	1.1823	1.2054	1.1495
LAD	BIC	BIC		1.1136	0.9057	0.9890	1.1815	1.2036	1.1494
LAD-MAD	BIC	BIC		1.0904	<u>0.8985</u>	1.0245	<u>1.1005</u>	1.2080	1.1480
U.Mean				1.2428	1.0546	2.6042	2.0752	2.1301	2.4354
U.Mean W				1.6117	1.2337	1.6913	2.1613	2.5914	2.9031
U.Median				1.3134	1.0812	3.0612	2.0667	2.1505	2.4423
U.Median W				1.6651	1.2727	1.7295	2.4649	2.6427	3.1073
RMSFE(AR)				4.6803	3.4059	1.3299	1.1028	1.6339	4.6481

Notes: Bold indicates lowest value in a column, underlined indicates lowest value within each of the seven main scenarios and the benchmark models. The average number of included factors is  $\bar{k}$ . The last row gives the RMSFE of the benchmark AR model.

**Table 3.** Forecasting results for the 24-month horizon.

Est.	$p$	$k$	$\bar{k}$	IP	PI	Emp.	CPI	PCE	PPI
PC	0	4	4.00	0.9914	1.0487	0.9970	<u>1.7019</u>	2.3398	<u>2.3813</u>
PC-S	0	4	4.00	0.9932	1.0570	1.0190	<u>1.7650</u>	<u>2.2864</u>	2.4755
LAD	0	4	4.00	1.0222	1.0796	1.0830	2.0509	2.6798	3.4806
LAD-MAD	0	4	4.00	<u>0.9272</u>	0.9988	0.9951	2.2055	2.7448	3.2068
PC	0	IC <sub>1</sub>	9.39	0.9556	1.0272	0.9463	2.3827	2.5130	<u>2.4164</u>
PC-S	0	IC <sub>1</sub>	4.32	1.0397	1.0717	1.0887	2.0623	<u>2.3389</u>	2.6190
LAD	0	IC <sub>1</sub>	4.96	1.0372	1.0833	1.0631	2.1778	2.5518	2.5190
LAD-MAD	0	IC <sub>1</sub>	2.30	<u>0.9228</u>	<b>0.9294</b>	<b>0.8922</b>	1.6035	2.5613	3.4653
PC	6	IC <sub>1</sub>	9.39	0.9757	1.0499	0.9129	1.6614	1.5670	1.4246
PC-S	6	IC <sub>1</sub>	4.32	1.0356	1.1003	1.1346	1.6778	1.4750	<u>1.3279</u>
LAD	6	IC <sub>1</sub>	4.96	1.0547	1.1330	1.1050	1.6579	1.4745	1.3435
LAD-MAD	6	IC <sub>1</sub>	2.30	<b>0.9208</b>	0.9717	0.9192	<u>1.1210</u>	<b>1.2531</b>	1.3283
PC	BIC	IC <sub>1</sub>	9.39	0.9556	1.0272	<u>0.8957</u>	1.6636	1.5673	1.4246
PC-S	BIC	IC <sub>1</sub>	4.32	1.0287	1.0717	<u>1.1020</u>	1.6778	1.4787	<b>1.3241</b>
LAD	BIC	IC <sub>1</sub>	4.96	1.0372	1.0833	1.0695	1.6579	1.4829	1.3435
LAD-MAD	BIC	IC <sub>1</sub>	2.30	<u>0.9235</u>	<b>0.9294</b>	0.8962	<b>1.1204</b>	<u>1.2739</u>	1.3270
PC	BIC	IC <sub>2</sub>	8.18	<u>0.9482</u>	1.0206	0.9189	1.6809	1.5536	1.3845
PC-S	BIC	IC <sub>2</sub>	4.02	1.0239	1.0694	1.0992	1.6664	1.4729	<u>1.3254</u>
LAD	BIC	IC <sub>2</sub>	4.61	1.0181	1.0679	1.0596	1.6723	1.4853	1.3472
LAD-MAD	BIC	IC <sub>2</sub>	1.79	1.0278	<u>0.9595</u>	<u>0.9056</u>	<u>1.2269</u>	<u>1.3136</u>	1.3441
PC	BIC	IC <sub>3</sub>	12.00	0.9940	1.0304	<u>0.8986</u>	1.6344	1.5870	1.4646
PC-S	BIC	IC <sub>3</sub>	7.01	1.0375	1.0813	1.0644	1.6591	1.4826	1.3389
LAD	BIC	IC <sub>3</sub>	7.81	1.0709	1.1092	1.0868	1.6519	1.4880	1.3545
LAD-MAD	BIC	IC <sub>3</sub>	4.36	<u>0.9813</u>	<u>1.0000</u>	0.9777	<u>1.2050</u>	<u>1.2962</u>	<u>1.3321</u>
PC	BIC	BIC		0.9998	1.0367	<u>0.9103</u>	<u>1.5526</u>	<u>1.4267</u>	<u>1.3405</u>
PC-S	BIC	BIC		<u>0.9656</u>	<u>1.0221</u>	0.9252	1.6806	1.4971	1.3608
LAD	BIC	BIC		1.0627	1.1346	0.9377	1.6921	1.4535	1.3607
LAD-MAD	BIC	BIC		1.0012	1.0877	0.9799	1.6147	1.5013	1.3730
U.Mean				1.0000	1.0000	1.2069	1.5170	2.2912	3.2467
U.Mean W				1.7585	1.6154	1.8631	1.9866	2.5554	3.4196
U.Median				1.1101	1.0506	1.4960	1.6430	2.3209	3.2844
U.Median W				1.8294	1.7061	1.9948	2.0779	2.5900	3.5133
RMSFE(AR)				3.3574	2.4014	1.6256	1.4142	1.5703	3.8964

Notes: Bold indicates lowest value in a column, underlined indicates lowest value within each of the seven main scenarios and the benchmark models. The average number of included factors is  $\bar{k}$ . The last row gives the RMSFE of the benchmark AR model.