

USA one and three-months-ahead Financial Variable Models
Forecasting recession for May to June 2009: recovery begins in July

Data: in-sample 1965m1-1999m12 and out-of-sample 2000m1-2009m4.

	One-month-ahead	Three-months-ahead
Variables:	Coefficient (t-value)	Coefficient (t-value)
Intercept	8.281 (5.17)	5.661 (6.68)
$\Delta_6\log(\text{StockPr})_{-1}$	3.347 (4.38)	
$\Delta_6\log(\text{StockPr})_{-3}$		1.878 (4.69)
$\Delta_9\log(\text{Employ})_{-1}$	4.891 (4.90)	
$\Delta_{12}\log(\text{Employ})_{-3}$		1.649 (4.56)
(Spread) _{.3}	1.714 (3.94)	1.437 (4.33)
(Spread) _{.9}		1.75 (4.15)
$\Delta_9(\text{Expect})_{-1}$	1.678 (3.59)	
$\Delta_{12}(\text{Expect})_{-3}$		1.488 (3.80)
$\Delta_3\log(\text{M2})_{-1}$	1.326 (2.18)	
$\Delta_3(\text{Vendor})_{-3}$		-0.8114 (-2.62)
Errors In Sample:		
Expansions	1% (4/363)	1% (6/363)
Contractions	8% (5/57)	19% (11/57)
Uncertain	(12/420)	(27/420)
Probability cut off:	0.8643	0.8643
Errors Out of Sample:		
Expansions	19% (17/88)	4% (4/88)
Contractions	0% (0/24)	8% (2/24)
Uncertain	(5/112)	(5/112)
Summary Statistics:		
RMSE (Sample)	0.1278	0.1746
RMSE (Prediction)	0.3534	0.2106
log Likelihood	-24.37	-41.65
SIC/n	84.98	125.6
Forecast from:		
Forecast #1: May 2009	0.0000*	0.0002*
Forecast #2: June 2009		0.0004*
Forecast #3: July 2009		0.6502

* Recession warning as forecast probability is less than 0.5.

Updated Charts

Data: in-sample 1965m1-1999m12 and out-of-sample 2000m1-2009m4.

Figure for one-month-ahead Financial Variable Model

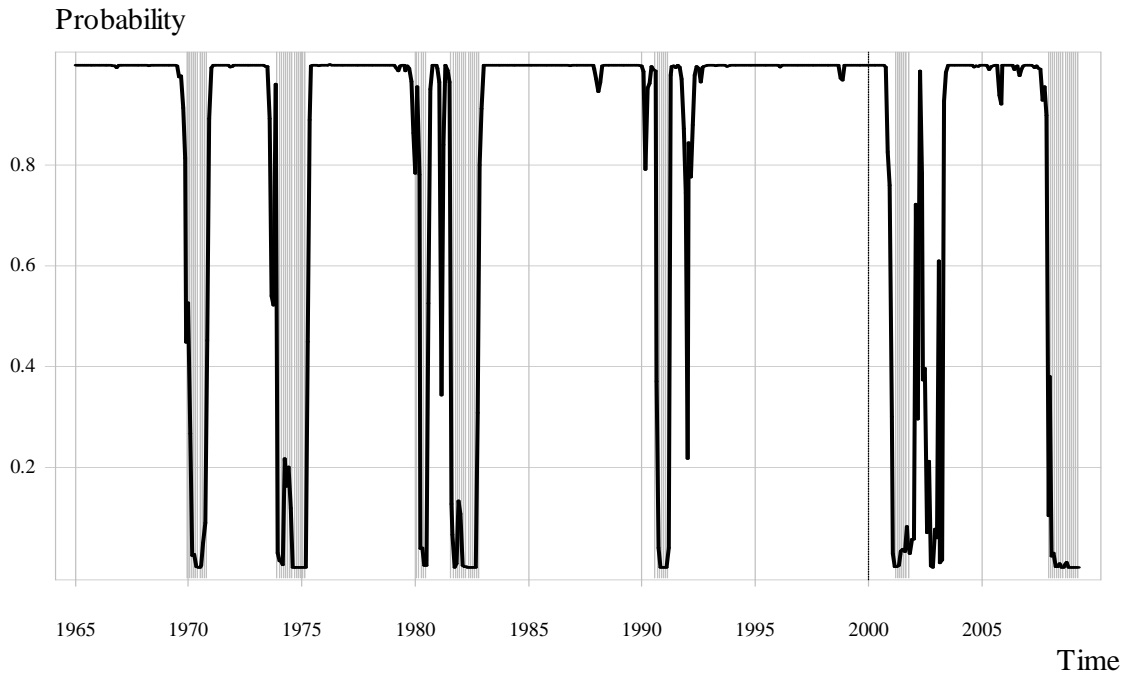


Figure for three-months-ahead Financial Variable Model

