

MODELLING AND PREDICTING THE REAL GDP RATE IN ROMANIA¹

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Abstract

The main goal of this article is to model and predict the real GDP rate in Romania using various types of econometric models (multiple regression models, trend models, unobserved component processes, models that reflect Okun law). Short-run predictions are provided on the horizon 2011-2013. On the entire period, the best forecasts were provided by a multiple regression model that explains the real GDP growth using as explanatory variables the weight of gross fixed capital formation, weight of budget expenses and double differenced weight of revenue tax. 60.51% of the variation in real GDP growth is explained by the changes in these variables. All the accuracy indicators indicated the superiority of these predictions. All the predictions, excepting those based on trend models, were better than naïve forecasts.

Keywords: forecasts, GDP growth, multiple regression, trend model, unobserved component model, accuracy, Okun law

JEL classification codes: C51, C53 E17.

¹ This paper has been financially supported within the project entitled “*Routes of academic excellence in doctoral and post-doctoral research*”, contract number POSDRU/159/1.5/S/137926, beneficiary: Romanian Academy, the project being co-financed by European Social Fund through Sectoral Operational Programme for Human Resources Development 2007-2013.