**Economics 3040**

**Intermediate Macroeconomics**

Prof. Steven Kyle

Fall 2013

**Forecast Paper – Due the Last Day of Class !!!!!!!!**

Pick one of the following macro variables for your forecast paper. Study its historical behavior and determinants (i.e., explanatory variables) then outline the ways in which you expect the dominant trends and major explanatory factors to change and interact, providing an underlying basis for your forecast at two points in the future: *six months and one year from the date you hand your paper in*. Summarize your findings with a 3 - 7 page typewritten, double-spaced paper that includes both short-term and long-term trend graphs. Be sure to elaborate on the basis for your prediction. DO NOT MERELY SUMMARIZE PAST BEHAVIOR THEN HAVE ONE OR TWO PARAGRAPHS ON A FORECAST! *Be sure to include footnotes and references where needed.*

      **The Dow-Jones Industrial Average**(give a +/- 50 point forecast)
**The US Dollar - Euro Exchange Rate** (give a +/- $0.05 forecast)

 **The US Unemployment Rate** (give a +/- 0.1% forecast)
**The 30-Year Government Bond Interest Rate**(provide a +/- 10 basis point forecast)

Grades for this paper will depend on how well you explain the factors that underlie your prediction. **DO NOT** simply repeat what others in the media are saying. Your paper will be judged in terms of: (i) the factors you identify as being most important; (ii) how you anticipate that these factors will interact to generate the forecast you decide upon; and (iii) how well the entire "forecast" fits together. Trust me, I read all the forecasts out there in the popular press so if you simply copy one of them I will recognize it.