

#15 Topic: A Bayesian Approach to Measuring Macroeconomic Uncertainty

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Abstract:

I will present work in progress on a new measure of macroeconomic uncertainty. Using Bayesian estimation, I fit a standard macroeconomic model to real-time data. The posterior density of forecasts in each period gives rise to a time-varying measure of uncertainty. I will compare this measure with earlier proposed measures of macroeconomic uncertainty, and interpret its impact on the economy using recent theoretical and empirical insights.