

Real-Time Nowcasting of Nominal GDP

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Abstract

This paper focuses on providing early assessments of current quarterly Nominal GDP growth for the US economy. These nowcasts are computed by using the exact amount of information that policy makers have at the time that predictions are made. We explore the predictive ability of several univariate and multivariate specifications, also searching for the most helpful indicators in performing this task. The results show that, among the proposed candidates, a small scale dynamic factor model that contains information of real economic activity, inflation dynamics and Divisia monetary aggregates, produces the most accurate nowcasts of Nominal GDP.