

SEMINARIO ALEATORIO 459

ECONOMIC OUTLOOK FROM CLIMATE CONDITIONS: PREDICTIVE DENSITIES THROUGH MULTILEVEL FACTOR MODELS

ABSTRACT:

Assessing macroeconomic risk means characterising the full predictive distribution of the economic outlook, not just its conditional mean.

In this talk, I present a current extension of the macro risk program: conditioning macroeconomic outlook directly on climate. Fitting a multilevel dynamic factor model by EM/Kalman filtering to monthly centre and log-range temperatures at 880 US locations (1931–2024), we extract global and regional temperature-level and temperature-dispersion factors and feed them into factor-augmented quantile regressions for US growth, inflation, and unemployment. Temperature dispersion, not its level, carries independent information about downside growth risk; the effect is horizon-dependent and concentrated in the lower tail, while inflation and unemployment respond more weakly and selectively. I close with the natural next step: extending the framework to a copula-based joint predictive density for growth and inflation, and eventually to climate-stress scenarios, an ongoing project, Outlook-at-Risk.

Presentado por



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Detalles del evento:

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