GSEE 2024
Assignment 1: Forecasting Yields and Inflation

1. Given the quarterly data available in the file quarterly_2023.xls produce forecasts for annual inflation, the yields to maturity of the 1-year and the 10-year US Treasury bonds over the period 2016-2025 based on the estimation of a model of your choice over a sample up to 2015:4.

2. Assess the performance of your model by computing the Root Mean Square Forecast Error for all three variables of interest.