



Timber Committee Forecast Questionnaire

- Draft Forecasting Manual
- Comparison of Analysis Over Two Years



Working Party on Forest Economics and Statistics

28th Session, 2-4 May 2006, Geneva



Purpose of Manual

- Sharing “best practice”
- Encourage correspondents to make forecasts
- Follow up recommendations of WPFES and Team of Specialists
- Capitalize on knowledge of correspondents



Working Party on Forest Economics and Statistics

28th Session, 2-4 May 2006, Geneva



Overview

- Introduction
- Background and uses of information
- Organizational Issues
- Forecasting Methodology
- Case Studies
- Annex (contact, questionnaire form)



Working Party on Forest Economics and Statistics

28th Session, 2-4 May 2006, Geneva



Plans

- Distribute for your comments and approval
- Send with questionnaire in August
- Improve!
 - Expanded case study with actual data
 - Translate
 - Receive comments from those completing TCQ



Comparing forecasts – 2002 with 1997

- Object is to see if there has been a change in forecasting quality over the last few years
- Used sawn softwood both times
- 31 countries in 2002, 27 in 1997
- Less knowledge about use of estimates in 1997



Summary Statistics

Forecast Errors (forecast % change minus actual % change)

	Production		Exports		Imports	
	2002/2001	2003/2002	2002/2001	2003/2002	2002/2001	2003/2002
Median	-0.00595	0.00355	-0.04919	0.00935	-0.04564	-0.00568
Average	-0.03197	0.00852	0.04374	0.07183	0.69130	-0.03180
Standard Deviation	0.12619	0.12754	1.21599	0.32429	3.78351	0.16305

	Production		Exports		Imports	
	1997/1996	1998/1997	1997/1996	1998/1997	1997/1996	1998/1997
Median	-0.03814	-0.02003	-0.04092	0.02250	-0.04878	-0.05622
Average	-0.03526	-0.03833	-0.16639	0.18892	-0.09948	-0.10082
Standard Deviation	0.11993	0.22618	0.83544	0.57709	0.29740	0.18274

The 2002 data seem to have both a lower error and slightly less dispersion



Working Party on Forest Economics and Statistics

28th Session, 2-4 May 2006, Geneva



Significant errors

What is a “significant” error?

- When the direction of the forecast is opposite to the actual outcome
- We used a cutoff of forecast $>1\%$ and actual $<-1\%$ or forecast $<-1\%$ and actual $>1\%$

	Production		Exports		Imports	
	2002/2001	2003/2002	2002/2001	2003/2002	2002/2001	2003/2002
wrong direction	7	3	11	5	8	7
forecast missing	0	1	2	5	2	6

	1997/1996	1998/1997	1997/1996	1998/1997	1997/1996	1998/1997
	wrong direction	5	2	7	7	7
forecast missing	0	0	1	1	3	3

The 1997 data seem to have fewer “significant” errors. As with 2002, forecasts further out seem more accurate.



"No change" forecasts

What is a "no change" forecast?

- Where the forecast % change is between +0.5% and -0.5%
- Such a forecast could be the outcome of a careful process of consultation, estimation and modeling or simply rounding/repeating an earlier figure

	Production		Exports		Imports	
	2002/2001	2003/2002	2002/2001	2003/2002	2002/2001	2003/2002
number of countries with actual no change	2	3	1	2	1	1
number of countries with "no change" forecast	6	10	1	13	3	12
number of countries predicting no change right		2				1
	1997/1996	1998/1997	1997/1996	1998/1997	1997/1996	1998/1997
number of countries with actual no change	2	3	0	1	2	2
number of countries with "no change" forecast	3	12	4	12	2	13
number of countries predicting no change right					1	

The share of "no change" forecasts seems relatively stable



Working Party on Forest Economics and Statistics

28th Session, 2-4 May 2006, Geneva



Conclusion

- Forecasting seems to be at about the same level over the last 10 years
- More efforts needed to understand problems affecting correspondents
- Locate correspondents and provide them with tools

