



Economic Review

Tracking U.S. GDP in Real Time

by: Taeyoung Doh and Jaeheung Bae

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A new model for tracking GDP in real time allows policymakers to assess the current state of the economy.

Measuring the current state of the U.S. economy in real time is an important but challenging task for monetary policymakers. The most comprehensive measure of the state of the economy—real gross domestic product—is available at a relatively low frequency (quarterly) and with a significant delay (one month). To obtain more timely assessments of the state of the economy, the Federal Reserve Bank of Kansas City has developed a GDP tracking model that combines new econometric methods with two conventional approaches to estimating GDP.

Taeyoung Doh and Jaeheung Bae review the Kansas City Fed model’s underlying details and illustrate its performance by comparing the model’s tracking estimates to those from other real-time tracking models. Their results suggest the Kansas City Fed model provides a useful tool for policymakers by combining estimates and forecasts from factor and accounting-based models.

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Author



Taeyoung Doh

Senior Economist

Taeyoung Doh is a Senior Economist in the Economic Research Department of the Federal Reserve Bank of Kansas City. He joined the department in July 2007. He received a bachelor's degree in economics from Seoul National University in 1996, an M.A. degree from Seoul National University in 1998 and a Ph.D. in economics from the University of Pennsylvania in 2007. His current research interest include monetary policy and term structure of interest rates, estimation of dynamic stochastic general equilibrium models, and asset pricing based on long run macroeconomic risks.
