



Economic Review

Tracking U.S. GDP in Real Time

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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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