Forecasts make up a significant instrument in management and economic policy. Accurate prognoses – although hard to get – may determine the competitive dominance or correctness of economic policy adopted. Mechanical methods (e.g. moving averages) and analytical ones of various complexity levels are used for forecasting. Most often they are realized with the help of one selected model. A model which joins information from many models is more rarely applied in forecasting.

The objective of the project is to show the possibilities which are offered due to averaging of the results of assessments of parameters from various models in order to build more accurate forecasts. It is a completely different approach in comparison to the one applied until now which involved averaging of prognoses generated by means of various methods of forecasting. The proposal gives us one prognostic model based on information from many various partial models. It is somehow a connection of knowledge from various approaches. Why such an approach is applied? The answer is simple. In econometrics and forecasting we are dealing with both, very simple models (sometimes even naive ones) as well as more complicated models as far as specification and estimation are concerned. Unfortunately it sometimes appears that the level of the model advancement does not always translate into the quality of prognoses which it generates. It happens that uncomplicated models the fit to data of which is poor characterize with better forecasts than strong models based on theories from economic sciences. This is why in the project we offer combination of results of models from various – both simple and complicated ones – approaches with the use of BACE (Bayesian Averaging of Classical Estimates) so that the chance for obtaining more accurate forecasts was maximised. The effect of the project shall involve, then, preparation of a module for `gretl` programme available for all users which shall allow for automatic generation of prognoses from averaged models.

Evaluation of efficiency of the proposed method shall be realized based on the generally available macroeconomical data for the countries associated in OECD.