

Name: _____
DATA 420 — Spring 2024
Reading check #9: Silver chapter 7
Feb. 27, 2024

1. Silver quotes Jan Hatzius in saying “nobody has a clue.” What specifically was he referring to?
2. What does Silver claim is critical for a forecaster to provide, in addition to a “point prediction” like “the GDP will increase 1.9% next quarter?”
A _____.
3. Why does Hatzius think forecasters normally don’t provide that information?
“Because they’re _____.”
4. The forecasting firm ECRI told its clients in a 2004 book: “Just as you do not need to know exactly how a car engine works in order to drive safely, you do not need to understand all the intricacies of the economy to accurately read those gauges.” What does Silver think of this statement?
5. Suppose there’s a variable that seems to be a good economic indicator. What does Silver mention might happen to make it lose its predictive value?
6. Silver discusses the “rational bias” phenomenon: the less _____ you have, the less you have to lose by taking a big _____ when you make a prediction.