

# Foreword

IMF macroeconomic forecasts lie at the core of the IMF's work. They form the basis for the IMF's view on the outlook for the global economy as presented in the *World Economic Outlook (WEO)*; they guide its advice in the context of Article IV consultations with member countries; and they underlie the framework of IMF-supported programs. If member country authorities are to have confidence in the IMF's analysis and advice, it is vital that the underlying forecasts are viewed as well-founded, of high quality, and evenhanded. This evaluation assesses these aspects of IMF forecasts.

The evaluation finds that the processes and methods used to generate short-term forecasts for Article IV consultations and the *WEO* are well structured and, in general, appropriately tailored to country-specific characteristics. By and large, country officials have confidence in their integrity, although some believe the forecasting process lacks transparency. Processes to guide the development of medium-term forecasts are found to be less developed than those for short-term forecasts.

The evaluation shows that the accuracy of IMF short-term forecasts is comparable to that of private forecasts. Both tend to overpredict GDP growth significantly during regional or global recessions, as well as during crises in individual countries. Except for these episodes, IMF forecasts do not show substantial positive or negative biases. Short-term forecasts of GDP growth and inflation made in the context of IMF-supported programs were also unbiased in the majority of cases. However, they tended to be optimistic in high-profile cases characterized by exceptional access to IMF resources. While the IMF has procedures in place to learn from past forecast performance, the evaluation finds that they are not always utilized to their full potential.

The analysis, evidence, and recommendations in this evaluation report aim to contribute to a better understanding of the macroeconomic forecasting process at the IMF and the quality of IMF forecasts. We hope that the report will provide a useful basis for reflections on ways in which the forecasting process and methods might usefully evolve over time.

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