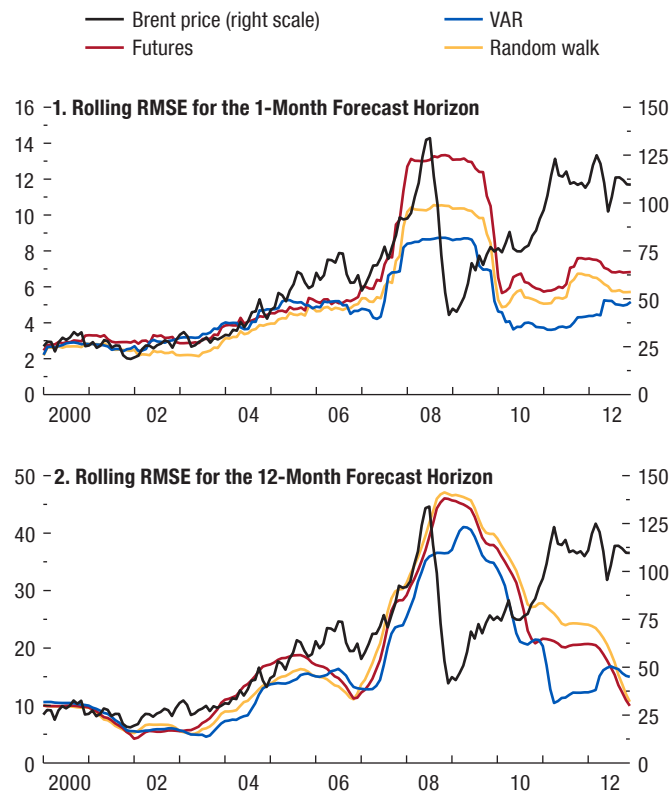


**Figure 1.SF.4. Rolling Root-Mean-Squared Errors: Recursive Estimation**

When comparing the root-mean-squared errors of forecasts with a rolling two-year window, or as in Table 1.SF.1 over the full forecast horizon, the VAR forecast performs better than that of other models and futures since 2000, although not in each year when the rolling window is used.



Source: IMF staff estimates.  
 Note: The line closest to the horizontal axis represents the model with the smallest forecast errors and thus the one with the best forecasting performance. RMSE = root-mean-squared errors of the forecast; VAR = vector autoregression.