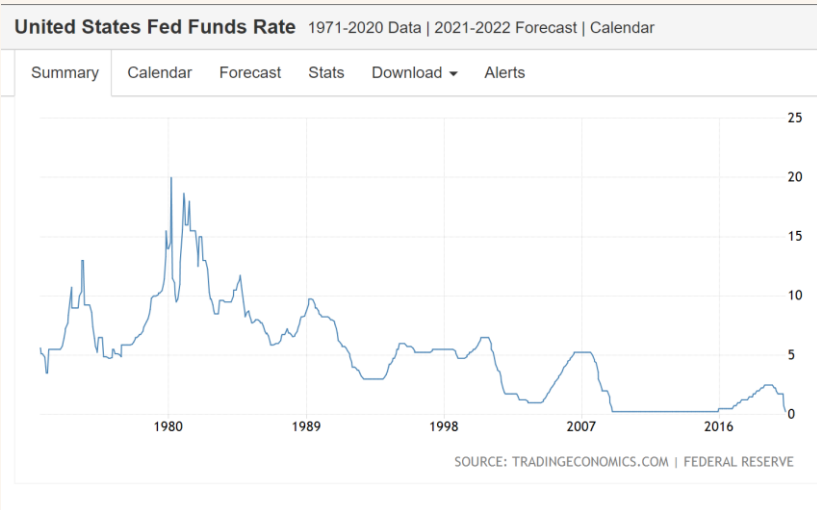


CFA® Exam Tips – LEVEL III

Study Tips

Capital Market Expectation #1



Challenges in Forecasting

1. Concept check:

Using longer series of historical data in economic forecast generate better model/ result ?

2. Consider:

- Regime change
- Stationarity of data series

3. Example of regimes change:

- 1970s oil price shocks with accommodative Fed policy
- 1980s & 1990s Fed tightening policy stance
- 2008 & 2009 Fed extraordinarily expansionary policy
- 2020 Exogenous Shock: Covid-19 ?!



CFA Society Hong Kong
Candidate Services



Mr. Eric Li, CFA
Candidate Services
Committee



Date of issue:
May2024

Disclaimer: This material is produced by a voluntary study group leader. CFA Society Hong Kong makes no representations about the accuracy, reliability, completeness, or timeliness of this material. Use this material at your own risk.