



## External Relations Department

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### **SBP holds SAARCFINANCE webinar on economic modeling and forecasting practices**

Dr. Murtaza Syed, Deputy Governor, State Bank of Pakistan inaugurated the seminar on “Economic Modeling and Forecasting - Practices in Central Banks”, on April 6, 2021, which was held virtually under the SAARCFINANCE forum – the regional network of SAARC central banks and finance ministries. Besides Pakistan, officials from central banks of Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, and Sri Lanka attended the webinar.

The speakers presented their insightful research on different areas of macroeconomic modeling and forecasting. Professor Vasco J. Gabriel, Reader in Economics, University of Surrey, shared a framework to implement money growth rules in a medium-sized emerging open economy. He showed that applying this model to actual data yields insightful results. Dr. Wasim Shahid Malik, SBP Chair, University of Peshawar drew the attention of researchers and policy makers towards the long-term gains associated with disinflationary policies. The third speaker, Mr. Azhar Iqbal, from Wells Fargo Securities, USA, shared interesting and innovative developments in modeling and forecasting of macroeconomic variables, including in the context of heightened uncertainty stemming from the Covid-19 pandemic. His proposals to construct an Animal Spirits Index as well as studying the asymmetric effects of Covid-19 on growth and inflation in SAARC economies is likely to be extremely relevant for policymaking .

Officials from SAARC central banks shared the evolution and current state of economic modeling at their respective institutions. The seminar provided researchers from SAARC countries a valuable and unique opportunity for knowledge sharing and learning from each other’s experiences.

Earlier, in his opening remarks, Dr. Syed highlighted the importance of macroeconomic modeling for efficient application of policy instruments in the face of uncertainties and lags in transmission. He stressed the need to continuously update the technology by incorporating latest modeling techniques and emerging challenges, like the Covid-19 pandemic and climate change.

In his concluding remarks, Dr. Farooq Arby, Director Research, State Bank of Pakistan, summed-up the discussion and appreciated the guest lecturers and presenters from the SAARC central banks. He expressed his hope that this seminar would contribute towards capacity building and enriching the frameworks used by SAARC central banks.

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