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Enflasyon Tahmininde Ve Modellemesinde P* Yaklaşımı: Türkiye İçin Ampirik Veriler / P-Star Approach to Modelling and Forecasting Inflation: Some Empirical Evidence From Turkey

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ABSTRACT

P* inflation model based on conventional equation of exchange is examined in this study. The developed model was forecasted through using monthly data obtained from Turkey implementation over the period from January 2002 to December 2014 and results supporting P* inflation model were obtained in general. The forecasted model was largely conformed with data used for various lag structures, ranging from 1 month to 24 months, while simulation results showed that P* inflation model can be used with early warning purpose. It can be pointed out that the developed P* model produces more reliable results for the explanation of short-run inflationary dynamics. It also shows us that structural factors should be taken into account for long-run analysis in order to make more realistic forecasts of inflation in Turkey

KEYWORDS P-Star Model; Inflation Determination; Monetary Policy

JEL E31, E51, E52