



# The Oracle

A Publication of the  
International Institute  
of Forecasters

www.forecasters.org  
www.forecastingprinciples.com

## A Note from the IIF President

Most recently, the election for directors of the Institute has concluded and I am pleased to welcome Michèle Hibon and Ralph Snyder to the board. Both of them are well known to many of us, since they have been active researchers and members of the IIF for many years. Michèle is already at work as part of the organizing committee for ISF2008. I also congratulate Moira Hughes on her re-election to the board. And I thank Marcus O'Connor and Eric Stellwagen, the two retiring members of the board for their unstinting services to the Institute. Marcus was the director charged with locating and recruiting organizers for future ISFs, and Eric was our Treasurer. We shall miss their wise counsel at board meetings and their commitment to promoting the best interests of the IIF.

As I write this, the final preparations are being put in place for ISF2007, and as noted above, plans for ISF2008, in Nice, are already well under way. Both Mohsen Hamoudia, the General Chair, and Michèle Hibon will be at ISF2007, so if you are attending the Symposium and one of them approaches you to organize a session or a panel discussion at the next ISF – volunteer! That's what makes our symposia successful.

As some of you will have noted, we have put in place more flexible membership options, and we are in a better position to monitor renewals than we were in the past. Expect more than one reminder to renew, but please help us out by renewing earlier rather than later. In the shape of our Business Manager, Pam Stroud, we have more resources than previously, but a longer list of potential tasks. Several projects started recently are continuing. They include certification, and redesign of our website and its integration with the forecasting principles site.

A major decision this year concerns the future of

the journal, *Foresight*. Thanks to the sterling efforts of Editor Len Tashman and his fellow workers, *Foresight* is off to a great start. It has attracted many new subscribers, a fair proportion of whom have decided to take out full membership in the Institute. Like any new venture, it has consumed significant human and financial resources. We now have a clearer idea of the sustained cost and the trend in subscriptions. (It appears that the directors as a group require some historical data before being willing to make a forecast!) Your board must soon decide whether to continue to self publish, to enter into a contract with a publisher, or to cease publication of the journal. Please contact me or any of the other directors with your opinion of the journal and your preferences among these options.

During the Institute's more than 25 years we have moved from the casual arrangements followed by the founders to a more structured operation. Structure is necessary. It keeps our organization operating smoothly as key people retire or move on. Yet, we can't match the organization of some of the larger professional associations, and I'm not sure we want to. One thing we can always use is more help from members. Do you have ideas for where future ISFs might be held, or topics for future workshops, ideas on certification, to improve the website, to provide other services that benefit our group? That's what we need: ideas! Send them to [allen@resecon.umass.edu](mailto:allen@resecon.umass.edu) or to any director.



## June 2007

Volume 9, Number 2  
ISSN 1814-1455 (Print)  
ISSN 1814-1463 (Online)

A Note from the President	1
Election Results, IIF Directors	1
From the Desk of the Business Manager	2
IJF News	2
News & Publications of IIF Members	2
Forecastingprinciples.com News	3
In Memory of Milton Friedman, an article	4-5
SAS News	6
Call For Papers	7
Forecasting Events	8-9

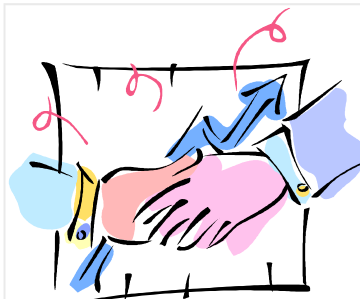
## SAVE THE DATE

**ISF 2008**  
June 22—25th  
Nice, France



## Election of IIF Directors

Following the recent elections for the IIF Board of directors, the new directors are **Michèle Hibon** who is a Lecturer and Senior Research Fellow at Insead, France, in the department of Decision Sciences, **Ralph Snyder** who is an Associate Professor in the Department of Econometrics and Business Statistics at Monash University, Australia and **Moira Hughes**, who was re-elected onto the Board, and is a Senior Lecturer in Statistics in the School of Accounting, Economics and Statistics at Napier University, Edinburgh, Scotland.



*Forecasting is the art of telling what would have happened, if what did hadn't" (E F Choppen 1970)*

Making predictions is difficult, especially about the future."  
Yogi Berra



## From the Desk of the IIF Business Manager



The 27<sup>th</sup> ISF in New York City, June 24-27, 2007 is just around the corner! The Organizing Committee, under the guidance of Kajal Lahiri, has prepared an outstanding array of speakers, sessions and social events. There is still time to register! I hope to meet many of you there – stop by the registration desk and say hello! If you haven't had a chance to look at the latest news, program schedule and other updates, please visit our web site, <http://www.forecasters.org/ISF>.

Don't forget to mark your calendars for the 28<sup>th</sup> ISF in Nice, France from June 22-25, 2008!

The IIF is continuing to grow and expand the Web site offerings. A new feature, recently transferred from the Forecasting Principles site, is 'Consultant Listing.' All members are welcome to post their names here, by simply completing the online form. Another new feature is 'Job Opportunities,' where members can place forecasting-related job openings within their organizations. Listings can be placed for up to 90 days, and this service is FREE for members. For more information on either the consultant or job listing opportunities, simply contact

me at [forecasters@forecasters.org](mailto:forecasters@forecasters.org)

The IIF Election of Board Members is over. I am delighted to announce the results of the successful candidates elected to the IIF Board, Michèle Hibon, Moira Hughes and Ralph Snyder. I'd like to take this opportunity to congratulate the new Directors and wish them well in their role as IIF Director.

The Summer 2007 issue of FORESIGHT is in the mail! Len Tashman and his staff always provide us with valuable and stimulating articles – the excellence continues! If you are interested in contributing an article to FORESIGHT, contact Len at [lentashman@forecasters.org](mailto:lentashman@forecasters.org) or visit our Web site.

Membership Renewal Time for many is fast approaching – you will be receiving a notification in the mail shortly. If you have any questions about your membership status, please contact me at [forecasters@forecasters.org](mailto:forecasters@forecasters.org)

I wish you all an enjoyable summer!

Pam Stroud  
IIF Business Manager

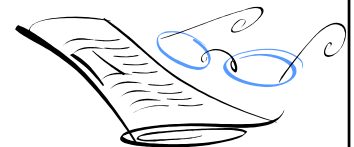
## News & Publications of IIF Members

**Jan De Gooijer** has recently published 2 papers which might be of interest to forecasters (and time series analysts). Details of the papers are:

De Gooijer, J.G. (2007), Power of the Neyman smooth test for evaluating multivariate forecast densities, *Journal of Applied Statistics*, 34, 371-382.

De Gooijer, J.G. (2007), Partial sums of lagged cross-products of AR residuals and a test for white noise, *Forthcoming in TEST*

**Jay D. Forsyth** is retiring from Central Washington University after 38 years of service at all ranks. Professor Forsyth is returning to college to pursue an advanced degree in war studies at King's College London.



## International Journal of Forecasting News

Watch out for the next issue of the International Journal of Forecasting (issue 2, volume 23). It contains a special section on "**The future of macroeconomic forecasting**" containing papers which arose out of the Leipzig workshop in December 2005. This section is edited by Ullrich Heilemann and Herman Stekler. Though the topic is not particularly new, new possibilities and new insights keep it on the agenda. The papers start from the concerning finding that, over the last fifty years, the accuracy of macroeconomic forecasts in the G7 has not improved. Another part of the dissatisfaction with macroeconomic forecasts stems from users' unrealistic expectations about the limits of forecast accuracy. The conference explored many of these issues, and the papers addressing these issues discuss forecast biases, data quality, the forecasting process, leading indicators, and the relationship between forecast accuracy and the forecast horizon.

Later in the issue we have a provocative paper by Scott Armstrong entitled "*Significance Tests Harm Progress in Forecasting*". Several well-known forecasters (Herman Stekler, Keith Ord, and Paul Goodwin) have contributed discussion pieces in which they partly agree and

partly disagree with Scott's argument.

In between these two sections, we have the usual mix of contributed articles on a variety of forecasting topics.

Coming up in future issues, look out for the special section on **Judgemental forecasting**, and a discussion paper by Jorgensen on forecasting software development work effort (which does better -- expert or model?)

Keep your best forecasting work rolling in. The IJF is the premier forecasting journal in the world (current ISI impact factor of 0.754). We can get even better but we rely on the forecasting experts in the academic and business worlds to contribute high quality research articles exploring new ideas in forecasting theory and practise.

For those of you attending the International Symposium on Forecasting in New York, please consider sending the written copy of your paper to the International Journal of Forecasting. You can submit electronically at <http://ees.elsevier.com/ijf/>.

RobJHyndman  
Editor-in-Chief, IJF



## ForecastingPrinciples.com - News

The directors of forecastingprinciples.com, Scott Armstrong and Kesten Green, have been adding features, including new courses on structured analogies and simulated interaction, improving existing features, especially the audit software, and planning more features.

### Guidelines

In striving to make the site useful to forecasting researchers, teachers, practitioners, and forecast consumers, the directors have followed implicit guidelines. They have put the guidelines into words and posted them on the home page of the site in order to inform users and encourage suggestions.

### Public Policy Special Interest Group

In order to select the best policy it is necessary to assess the future effects of alternate policies. For example, what would be the costs and benefits of different climate change policies, gun control laws, airport security, immigration, wage laws, and major public projects? To encourage the development of policies that are informed by evidence-based forecasting principles, the directors have established a Public Policy Special Interest Group.

This SIG welcomes audits of forecasts for public policy development from the people responsible for the forecasts and from others. To get things started, Scott Armstrong and Kesten Green have prepared an audit of global warming forecasts. This paper will be presented, along with commentary by Paul Goodwin and John Lott, at the International Symposium on Forecasting in late June in New York City.

### Replications Page: Coming soon

Replications are a critical ingredient of science, yet few are done in management science. In an effort to encourage replications and to support the development of forecasting principles, Heiner Evanschitzky of the Marketing Center Muenster (MCM) has agreed to establish and manage a Replications Section for the forecastingprinciples.com site. The plan is to list *International Journal of Forecasting* papers that have been replicated or extended, summarise the findings, and provide access to the papers.

### Legal aspects of forecasting

Kesten Green is looking for someone to act as a page master for a Special Interest Group for the Legal Aspects of Forecasting. He expects that the SIG would discuss standards for the selection of expert witnesses, review key cases involving forecasting, and describe how to evaluate forecasts (such as damages estimates.) The SIG would also provide a forum for lawyers to identify people with relevant expertise who are willing to act as expert witnesses. Scott Armstrong says that this is his favorite type of consulting.

### Recent papers Relevant to Forecasting Principles

forecastingprinciples.com aims to highlight papers relevant to forecasting principles as soon as they are published (or shortly before). Please send information on your relevant papers to Kesten Green. The most recent paper posted in the "What's New" section is "Value of Expertise for Forecasting Decisions in Conflicts" by Green and Armstrong. The paper that will appear, along with commentary by Philip E. Tetlock, Shelley A. Kirkpatrick, and Jonathan J. Koehler, in the next issue of *Interfaces*. Here is a summary:

In important conflicts such as wars and labor-management disputes, people typically rely on the judgment of experts to predict the decisions that will be made. The authors compared the accuracy of 106 forecasts by experts and 169 forecasts by novices about eight real conflicts. The forecasts of experts who used their unaided judgment were little better than those of novices. Moreover, neither group's forecasts were much more accurate than simply guessing. The forecasts of experienced experts were no more accurate than the forecasts of those with less experience. The experts were nevertheless confident in the accuracy of their forecasts.

### Audit software

Numerous improvements have been made in the Forecasting Audit program, such as providing better explanations for some of the items and making it easier to use. Whenever the directors use the Audit software, they find ways to improve it. Other users also make suggestions. Users and other interested people are welcome to join in the common effort to ensure that the audit contains the latest evidence and that it is easy to use.

### Self administered courses in forecasting methods

Two self-administered courses have been added to the site – one on Simulated Interaction and another on Structured Analogies. Both methods were developed to predict the decisions people will make in situations of conflict such as occur between private companies, organizations, and nations. The structured analogies method could also be used to forecast in other situations where quantitative data is sparse but where experts can identify similar situations from the past. For example, software development costs are sometimes predicted using the related case-based reasoning approach. Simulated interaction can be used to forecast the effects of alternative strategies.

Another course, on forecasting using intentions and expectations data, is being developed.

**Forecasting Principles • forecastingprinciples.com**

**"Evidence-based Forecasting"**

*An economist is an expert who will know tomorrow why the things he predicted yesterday didn't happen today.*



## In Memory of Milton Friedman, A Great Economic Scientist and Person By Arnold Zellner, University of Chicago



**Milton Friedman** was born in Brooklyn, New York in 1912, the son of poor Jewish immigrants from what is now the Ukraine and died in 2006 in San Francisco, a world famous economist. He grew up in Rahway, New Jersey

and received his B.A. degree in 1932 from Rutgers U. and his M.A. degree from the U. of Chicago in 1933 where he was strongly influenced by Jacob Viner, Frank Knight, and Henry Simons. He worked for several years for the federal government where he was an adviser to high Treasury officials and helped design the U.S.'s payroll withholding system of income tax payments, a major innovation in the country's tax system. In this and other work, he focused his attention on mainly quantitative statistical and econometric topics. His doctoral dissertation, "Income from Independent Professional Practice," was published with co-author and thesis advisor Simon Kuznets in 1945 and Columbia U. awarded him a Ph.D. in 1946. After that, he served as a Professor of Economics at the U. of Chicago from 1946 to 1976 "...where he helped to build a close-knit intellectual community that produced a number of Nobel Prize winners, known collectively as the Chicago School of Economics...In 1976, he won the Nobel Prize in Economics 'for his achievements in the fields of consumption analysis, monetary history and theory and for his demonstration of the complexity of stabilization policy.' From 1977, Friedman was affiliated with the Hoover Institution at Stanford University...In 1988 he received the National Medal of Science and Presidential Medal of Freedom. Milton Friedman is today known as one of the most influential economists of the 20<sup>th</sup> century." [Quote from 12/27/2006 Wikipedia encyclopaedia article on the web available at: [http://en.wikipedia.org/wiki/Milton\\_Friedman](http://en.wikipedia.org/wiki/Milton_Friedman)] He was also awarded the prestigious John Bates Clark Medal in 1951 and later at a ceremony honouring Milton Friedman's achievements, Alan Greenspan said, "There are many Nobel Prize winners in economics, but few have achieved the mythical status of Milton Friedman." [Wikipedia article, cit. supra]

As is well known, Friedman has exerted much influence not only in the economics

profession but on policies and philosophies of individuals and governments world-wide. Friedman, along with Frederick von Hayek, is given credit for providing the intellectual foundations for the revival of classical liberalism in the 20<sup>th</sup> century. See the Wikipedia article, cited above, for information about the powerful influence of Friedman's ideas on policies of many countries world-wide, including China, Chile, Iceland, Estonia and many others. And indeed, his emphasis on freedom, free and open markets, competition, private ownership and enterprise, and relatively "laissez faire" stable, economic policies has been appreciated and applied in India in recent years with great success.

What has impressed me most about Milton Friedman over the years that I have known him as a friend, colleague and fellow economist are (1) his generous and constructive approach in his interactions with students, colleagues and others and (2) the scientific approach that he employed in his research to produce fundamental results of great importance and was instrumental in creating the productive methodology of what has come to be known as the Chicago School of Economics and of many other economists world-wide. Indeed, I and many others believe that he played a key role in transforming economics from an art to a science. That is, he not only enjoyed deriving new theories but also emphasized that new theories have to be tested with data using appropriate statistical methods to appraise their value in explaining the past, predicting as yet unobserved data and in making private and/or public policy decisions. In addition, he appreciated the importance of keeping theories, methods and policy methods sophisticatedly simple. Little understood, complicated models and theories, e.g. early complicated macro econometric models, were viewed quite negatively by Friedman and indeed their poor performance in forecasting and other areas justified his negative evaluations. In addition, he was an enthusiastic data analyst and recognized the importance of having much good data in order to describe and measure economic phenomena and to discover new, unusual facts that contradicted current theories and beliefs and required new theories to explain them that he provided in many cases during his brilliant career. And all of his research was carried out in a way that reflected his considerable knowledge of applied and theoretical

statistics, reflected, e.g., in his early paper in which he created "analysis of variance by ranks" and his two joint articles with L.J. Savage in the 1940s in which they produced modern Bayesian decision theory, an integration of economic utility theory and statistical theory that had a great impact on later statistical and econometric methodology and applications.

To illustrate Friedman's very generous nature and some aspects of his research methodology, when I was a graduate student in economics at the U. of California at Berkeley in the 1950's working on my doctoral dissertation that dealt with testing whether or not a Pigou real money balance effect is important in explaining variation in consumer spending, a central hypothesis of the monetarists, I heard that Friedman was working on a new theory of the consumption function that was to be published. I wrote to him requesting information about the book since it was quite relevant for my research. To my surprise, he responded by sending me a copy of his manuscript with encouraging words about my project. And when he visited the Department of Economics at the U. of Washington in the late 1950s to present some lectures, we met for the first time. After saying hello, he requested a copy of my PhD thesis and read it that very evening. On the next day, I was relieved to learn that he liked it since it was not just another theoretical piece but combined theory with empirical estimation and testing using quarterly data for the U.S. and finding that indeed a real balance effect exists and is important empirically and theoretically in affecting consumer spending, as emphasized by Friedman and other monetarists. Thus changes in the money supply not only affect the economy through effects on interest rates, as argued by the Keynesians, but also by their direct effects on consumer spending, particularly on durables and services.

As regards Friedman's classic 1957 book, A Theory of the Consumption Function, it is an outstanding example of what many consider to be productive economic science. In part, he sought to explain Simon Kuznets' unusual empirical finding that the U.S. personal saving rate had remained relatively constant over the first half of the 20<sup>th</sup> century rather than rise as most Keynesians had predicted.

(Continued on page 5)



## In Memory of Milton Friedman, contd.

Friedman developed an ingenious two-period Fisherian analysis of utility-maximizing behaviour that led to the conclusion that the ratio of saving to income is independent of the level of income but does depend on other variables. In addition, he very cleverly distinguished between permanent and transitory income and consumption in a model that is in the form of the statistical errors in the variables model in which he got identification of the parameters by assuming that the intercept in the relation connecting permanent income and permanent consumption is equal to zero, a result of his economic theory of consumer behaviour. This integration of economic theory, statistical theory and empirical findings is a fine example of Friedman's fruitful scientific method. But that was not all. Just as Einstein's theory not only explained past empirical results but also yielded predictions that could be checked with future data, Friedman's theory of consumer behaviour did so also. In the latter part of his book, he listed a number of predictive implications of his theory and explained how to evaluate these predictions using new data. And since then, many of his predictions have been found to be in accord with the information in new data and belief in Friedman's theory grew. Very few works in economics present such suggested predictive tests of new theories.

Another area in which Friedman produced central, important scientific results was in the evaluation of simple variants of Keynesian and Monetarist models of economies. Years ago, most introductory texts, including Samuelson's famous text, included a discussion of the Keynesian multiplier and concluded that a unit increase in government spending would result in a 3 unit increase in national output since the Keynesian multiplier is theoretically equal to 3 under "relatively weak" assumptions. Friedman and Meiselman in an important article decided to test this Keynesian multiplier model versus a Monetarist multiplier model using data from various periods of history. Their empirical findings, published in the *American Economic Review* shocked the profession, namely, that for all periods considered, except that of the great depression of the 1930s for which the models performed about equally well, the Monetarist model performed much better in all other periods considered. The results of this simple comparison of alternative models generated much theoretical and methodologi-

cal controversy and were confirmed in later published work by Martin Geisel using Bayesian posterior odds rather than goodness of fit measures that pleased Friedman very much.

In many other areas, Friedman's direct, scientific production and testing of theories, models, and policies had a tremendous impact not only on the development of economic science but also on the introduction of new policies that have been influential in improving the performance of our economies. His theoretical and empirical work in monetary economics, as mentioned above, has influenced macroeconomics and macroeconomic policy-making. His negative income tax proposal, studied in field experiments, while not as yet implemented may help to improve current welfare systems. His school voucher system based on his "price-theoretic" analyses of the market for education services has been tested in field experiments and adopted in several states and cities in the U.S.; for further information, see the web page and publications of the Milton and Rose Friedman Foundation. Among many other policy areas to which Friedman has contributed, his work on the influence of free and open markets on economic development has had a world-wide impact, as mentioned earlier.

To illustrate the impact of free and open markets on economic development, in the 1960s, my former student, Prof. V.K. Chetty, then a faculty member at ISI Delhi, and his colleagues did a series of studies to evaluate governmental pricing policies in a number of Indian industries. Their findings were very critical. In many cases, the low prices imposed by the government to help low income consumers discouraged supply creating shortages or limited output growth in such industries as cement, steel, wheat, rice, etc. Concentrating on demand and forgetting supply effects was a very costly mistake according to the scientific studies carried out by Chetty and his colleagues at ISI Delhi. Also, Prof. U. Sankar, now a famous researcher at the Madras School of Economics, in his doctoral dissertation and later publications showed that the policy of limiting the size of firms in Indian manufacturing industries was a very costly mistake. And in the 1960s, Dr. P.A.V.B. Swamy, now a productive researcher in the U.S. Government, evaluated the predictive performance of input-output models for the Indian economy that apparently had been used in formulating and implementing Indian governmental plans following the Soviet ex-

ample. His results indicated that the input – output model's forecasts were highly inaccurate and that the model was probably inadequate for use in planning the Indian economy. And of course such mistaken policies and bad models were not unique to India but also present in many other planned economies as emphasized over the years by Friedman. By adopting free and open markets, with appropriate legal and political systems, he argued that these countries could do much better in improving the lives of their peoples. And, as I jokingly have remarked over the years, in this regard Friedman is in agreement with Marx who theoretically (or religiously?) claimed that it is historically determined that capitalism will cure the internal contradictions of feudalism and is a tremendous engine of growth in the early stages of capitalism. In this regard, Lenin, Stalin, Mao and others are "rank deviationists" since they stated (religiously) that it is possible to skip the capitalist phase and go directly from feudalism to socialism. Marx was right and they were wrong! However, as Selig Perlman pointed out many years ago in his book, *Theory of the Labor Movement*, Marx predicted the revolutions in the wrong places, a severe, scientific blow to Marxian theory. On the other hand, Friedman's predictions about the beneficial effects of free and open markets and good supportive legal and political systems have in the main been correct.

Milton Friedman died on Nov. 16, 2006 in San Francisco and is survived by his wife and co-worker in economics, Dr. Rose Director Friedman, a daughter and son, four grandchildren and three great grandchildren. He will be sorely missed by many world-wide.

---

Arnold Zellner, Professor Emeritus, University of Chicago, and Fellow of the IIF, provided this tribute to Professor Milton Friedman. It has been edited slightly due to space constraints and is available in full online at <http://www.chicagoasa.org/downloads/Friedman%20Milton%20-%20Zellner.pdf> and has been published in *Medium Econometrische Toepassingen (MET)*, vol. 15, issue 1, 2007, 2-5 and *Indian Journal of Quantitative Economics*, June, 2007



## SAS News

### SAS Company News

A new online discussion forum for users of SAS Forecasting software (including SAS Forecast Server, SAS High-Performance Forecasting, and SAS/ETS) is now available at <http://support.sas.com/forums/index.jspa?categoryID=1>. Participants can share questions, experiences, and thoughts on both good and bad practices using SAS forecasting software. Urgent technical issues requiring immediate attention will still be handled through SAS Technical Support.

The SAS Forecasting Knowledge Kit is available at <http://www.sas.com/events/cm/134927/index.html>. The complimentary kit consists of a white paper, interactive product tour, and recordings of the 3-part webcast series "Finding Flaws in Forecasting to Decrease Error" that was delivered last summer. The kit also includes a brochure with references for further reading, and written responses to all questions submitted by the webcast viewers.

### SAS Personnel News

Meredith John, Ph.D., has joined SAS Institute as Product Manager for Forecasting and Econometrics. Meredith brings broad experience in industry, research, and academia, and was most recently a Senior Statistician and Future Product Manager for Hewlett-Packard. In this new role she will be driving SAS' leading-edge innovations in forecasting and econometric analysis.

Charlie Chase recently re-joined SAS Institute as Business Enablement Manager in the Manufacturing & Supply Chain Global Practice. From 2002 – 05 Charlie served as Product Marketing Manager for SAS forecasting software, and helped launch SAS Forecast Server.

Mike Gilliland, Product Marketing Manager for SAS Forecasting, is writing a column on "Worst Practices in Business Forecasting" for the new *Supply Chain Forecasting Digest*. Register to receive this quarterly e-newsletter at [www.ibf.org](http://www.ibf.org). Mike will also be presenting on this topic at the International Symposium on Forecasting (New York, June 24-27, <http://forecasters.org/isf/index.html>) and at the APICS International Conference (Denver, October 21-23, [APICS 2007 Conference](#)).

Jack Hymanson, Pete Dillman, and Sam Guseman, Solutions Architects in SAS Global Professional Services, will be demonstrating SAS Forecast Server at the *Competing on Analytics Executive Conference*, June 6-7, in Cary, NC.

### Forecasting Events

SAS Institute is hosting the *F2007 Business Forecasting Conference* June 4-5, at SAS Headquarters in Cary, NC. Keynote speakers are Charlie Chase, Hans Levenbach, John Mentzer, Albert Segars, Eric Stellwagen, and Len Tashman. Companies presenting include Hewlett-Packard, Union Pacific Railroad, AstraZeneca, Wachovia Bank, Bank of America, Dow Chemical, Cisco Systems, and IBM. Attendees are invited to attend post-conference training June 6-8. For information and registration see [www.sas.com/f2007](http://www.sas.com/f2007).

SAS is producing a 2-part webcast series on "Worst Practices in Business Forecasting," delivered by Mike Gilliland. The webcasts can be viewed live, with an opportunity to submit questions, on June 21 and September 27. Recordings will be made available for on-demand replay. See <http://www.sas.com/webcasts/index.html> for details and free registration.

SAS will be exhibiting at the following events this fall:

- Forecasting Summit (Boston, September 17-19, <http://www.forecasting-summit.com/>). Charlie Chase is delivering a pre-conference workshop.
- APICS International Conference and Exposition (Denver, October 21-23, [APICS 2007 Conference](#)).

Three new white papers  
available to you for free!

*Oliver Wight*  
OLIVER WIGHT

① Laying the Foundation:  
Five Steps to 95 Percent  
Inventory Record Accuracy

② Push Versus Pull –  
Perception Versus Reality

③ Securing the Right People to Lead  
Your Change Initiative

[click here](#)



## Call For Papers

**The 22<sup>nd</sup> European Conference on Operational Research (EURO 22)**  
**Prague, July 08 – 11, 2007**  
**Main Stream: Production Management and Supply Chain Management**  
**Call for Papers for the FORECASTING Stream**

The European Conference on Operational Research (EURO) is being held this year in Prague on 8<sup>th</sup> – 11<sup>th</sup> of July. Under the main stream 'Production Management and Supply Chain Management' there is a dedicated stream on demand/sales **forecasting** for planning and control of the supply chain being organised and contributions are invited in this area. Abstracts may be submitted electronically, by the 28<sup>th</sup> of February, 2007 at: <https://www.euro-online.org/euro22/display.php?page=welcome>

Should you have any enquiries please feel free to contact:

**Anders Segerstedt**, Industrial Logistics, Lulea University of Technology, Sweden and Narvik University College, Norway  
Tel. No. + (46) (0) 920 491212; e-mail. [anders.segerstedt@ltu.se](mailto:anders.segerstedt@ltu.se)

**Aris A. Syntetos**, Centre for Operational Research and Applied Statistics, Salford Business School, UK  
Tel. No. + (44) (0) 161 2955804; e-mail. [a.syntetos@salford.ac.uk](mailto:a.syntetos@salford.ac.uk)

**The 49<sup>th</sup> Conference of the UK Operational Research Society (OR 49)**  
**Edinburgh, September 04 – 06, 2007**  
**Call for Papers for the Stream on FORECASTING AND INVENTORY MANAGEMENT**

Forecasting is one of the key sub-disciplines of OR, but has not had its own dedicated stream at the OR conference for some years. Those with interests in other aspects of OR may be forgiven for thinking that it has become a dormant field, with few new results. In fact, the opposite is true. In recent years, there has been revived interest in supply chain forecasting and, in particular, on the interaction between forecasting and inventory management. There is a growing body of UK doctoral students addressing this issue. Last year, a new stream on 'Forecasting for Inventories' was launched at the International Symposium on Inventory Research, attracting nearly a fifth of the papers for the conference. Next year, the *IMA Journal of Management Mathematics* is devoting a special issue to the topic of Forecasting and Inventory Management.

To reflect this revived interest, we are organising a dedicated stream on 'forecasting and inventory management' at the forthcoming 49<sup>th</sup> National Conference of the Operational Research Society. We would like to invite theoretical and/or empirical contributions in this field, from academics and practitioners alike. Although there are many theoretical inventory models and forecasting models, there are still relatively few rigorous approaches that address the interaction between the two. Empirical evidence is growing slowly, but new findings would be very much welcomed.

The stream may appear narrow but, actually there are many dimensions to it. Potential topics include, but are not limited to:

- |  |                                   |
|--|-----------------------------------|
| Statistical demand forecasting and stock control | Demand categorisation             |
| Judgemental (demand) forecasting                 | Distributional assumptions        |
| Forecast Support Systems (FSS)                   | Hierarchical forecasting          |
| Accuracy and performance measures                | Multi echelon systems             |
| Bullwhip effect                                  | Serial systems                    |
| Case studies                                     | Service level in the supply chain |

The stream will provide an ideal opportunity for a constructive exchange of ideas in this area and will include a Keynote presentation from Professor Boylan and Dr Syntetos on 'Spare Parts Management: Forecasting Research and Extensions'. This will summarise recent developments for a non-specialist audience and will explore some of the most promising avenues for future work and establishing a new agenda for research in this area.

If you wish to present a paper in this stream, please submit your abstract electronically at:

[http://www.orsoc.org.uk/conference/papersubmission/conference\\_submit.asp?cid=14](http://www.orsoc.org.uk/conference/papersubmission/conference_submit.asp?cid=14)

If you would like to submit an abstract but are not ready yet to do so, we would be grateful if you could get in touch with either of us to express your interest as soon as possible. We look forward to seeing you at the conference!

**John E. Boylan**, School of Business and Management, Buckinghamshire Chilterns University College

Tel. No. + (44) (0) 1494 605130; e-mail. [john.boylan@bcuc.ac.uk](mailto:john.boylan@bcuc.ac.uk)

**Aris A. Syntetos**, Centre for Operational Research and Applied Statistics, Salford Business School

Tel. No. + (44) (0) 161 2955804; e-mail. [a.syntetos@salford.ac.uk](mailto:a.syntetos@salford.ac.uk)



## Forecasting Events

### ITS Africa-Asia-Australasia Regional Conference Perth, Western Australia, Curtin University August 26 – 28, 2007

Curtin University will host 2007 ITS Africa-Asia-Australasia Regional Conference in Perth, Western Australia. The conference runs from Sunday August 26 through Tuesday August 28. The general theme is focused on **Corporate Strategy and the Path to a New Economy**. The other themes are :

- Corporate Strategy and Analysis
- Business Forecasting and Mobile Market Dynamics
- Internet-enabled Commerce
- Market Innovation and Economic Development
- Technology and R&D
- Real Options, Productivity and the New Economy
- Intellectual Property, Security and Regulation
- Industry Policy and Governance

The track theme dedicated to **Business Forecasting** encompasses :

- Service demand and traffic forecasting and tariff modelling
- Service bundles and usage patterns
- VoIP business models
- Broadband service provision in non-competitive areas

For further information, visit: [www.cbs.curtin.edu.au/business/research/conferences/international-telecommunications-society-2007](http://www.cbs.curtin.edu.au/business/research/conferences/international-telecommunications-society-2007)

For more detailed information on this meeting, please contact Warren Kimble: [warren.kimble@cbs.curtin.edu.au](mailto:warren.kimble@cbs.curtin.edu.au)



**Scientific Computing Associates Corp.**  
525 N. Lincoln Avenue  
Villa Park, IL 60181 U.S.A.

Website: [www.scausa.com](http://www.scausa.com)

E-mail: [sca@scausa.com](mailto:sca@scausa.com)

Telephone: 630-834-4567 Fax: 630-834-1450

### SCA Statistical System (8.0) *NEW*

*25% IIF discount on purchases before Sept 30, 2007*

#### Educational Edition (\$395 – Academic List Price)

Provides all the features you need to import and prepare time series data, identify and build ARIMA, transfer function, intervention, exponential smoothing, and regression models.

Also includes new methods for seasonal ARIMA modeling and forecasting. Extensive general statistical analysis rounds out this edition as a multi-purpose educational software.

#### Practitioner Edition

Builds on the Educational Edition adding time series data mining, automatic time series modeling and advanced automatic outlier detection and adjustment. Also includes new date functions to facilitate daily, weekly, and monthly modeling and forecasting.

#### Professional Edition (A)

Builds on the Practitioner Edition adding time series analysis and forecasting using vector ARIMA models, simultaneous transfer function models, causality tests, and more.

#### Professional Edition (B)

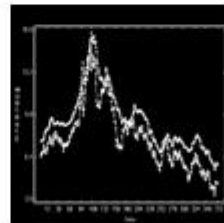
Builds on the Practitioner Edition adding nonlinear time series identification, modeling, forecasting, and analysis features using TAR, threshold ARIMA, threshold TF, and segmented time series models. Also includes new analysis methods for time-varying parameters, GARCH modeling, and seasonal decomposition.

#### Advanced Edition

Encompasses all features of the SCA Statistical System combining Professional Edition A and B into a unified and power-packed software to handle most any research topic, or business and industrial application involving time series analysis and forecasting.

#### SCAB34S SPLINES

- Multivariate Adaptive Regression Splines
- Time series Adaptive Spline Threshold Autoregression (ASTAR)
- Alternating Conditional Expectations (ACE)
- General Additive Models (GAM) and PI-Splines
- Data mining using the above methods
- General nonlinear function solving, and much more



#### *Second Edition* **Time Series Analysis and Forecasting**

Lon-Mu Liu, PhD.  
Univ. of Illinois at Chicago

This important book distills and integrates important research results into cohesive and comprehensible methodologies.

**Regular: \$54.95 Limited Offer: \$44.95 - See SCA website**



## Forecasting Events, contd.

### Forecasting Summit 2007

[www.forecasting-summit.com](http://www.forecasting-summit.com)

Presented in cooperation with the IIF, the Forecasting Summit is THE conference where practitioners can learn from both leading researchers and world-class forecasting experts. The Summit brings together forecasters from a wide range of industries and disciplines to hear about best practices, learn about the latest research, acquire new skills, gain insights for dealing with real-world forecasting issues, exchange ideas and share knowledge about forecasting.

The second Forecasting Summit of 2007 will be held on **September 17-19, 2007 at The Seaport Hotel in Boston, Massachusetts USA**. A wide range of topics—such as decision-directed forecasting for major disruptions, consensus forecasting and futuring—will be presented by experts from leading organizations including Harvard Business School, College of William & Mary, Hewlett-Packard and Johnson & Johnson.

For further information, visit [www.forecasting-summit.com](http://www.forecasting-summit.com)

## Who could have predicted a free upgrade? Insightful S-PLUS® customers, that's who.

We are incredibly proud of our latest release and want to thank our loyal customers for using S-PLUS so we decided to upgrade everyone for free to our S-PLUS 8 Enterprise desktop version. To claim your upgrade, please visit [www.insightful.com/upgrade](http://www.insightful.com/upgrade)

S-PLUS users have **The Knowledge to Act.™**

- + Big Data
- + Workbench De-Bugger
- + S-Packages
- + Improved Graphics



For more information please visit [www.insightful.com](http://www.insightful.com) or email [upgrade@insightful.com](mailto:upgrade@insightful.com)



**Global Headquarters**  
TEL: 206.283.8802  
800.569.0123  
Fax: 206.283.8691  
[Info@insightful.com](mailto:Info@insightful.com)

**Insightful Corporation**  
New York Office  
TEL: 212.808.3035

**Insightful Switzerland**  
TEL +41 61 717 9340  
FAX +41 61 717 9341  
[Info.ch@insightful.com](mailto:Info.ch@insightful.com)

**Insightful UK**  
TEL +44 (0) 1256 339800  
FAX +44 (0) 1256 339839  
[Info.uk@insightful.com](mailto:Info.uk@insightful.com)

\*The software cost to upgrade is waived. Maintenance costs will increase at renewal date. ©2007 Insightful Corporation, all rights reserved.



When it comes to forecasting, you can't afford to play around.



Forecasting can be tricky. And drawing conclusions from limited data is serious business, whether you're conducting research, sequencing proteins, or diagnosing illness. NeuralTools brings sophisticated Neural Networks to Microsoft Excel, so you can use your known data to make predictions with uncanny accuracy. Plus NeuralTools Live Prediction feature updates results in real-time, making it the tool of choice among forecasting professionals. Anything else is just a toy.

"Just awesome!"

"Most folks in the medical community are not engineers, but they can use NeuralTools to facilitate their own forecasts... just awesome!"

— Barb Tawney, University of Virginia

"Easy handling"

"I am delighted with the program for its speed and easy handling. The program is super quick!"

— Dr. Jose R. Iglesias-Rozas, Katharinenhospital



In North America:

1 800 432 7475

+1 607 277 8000

sales@palisade.com

In Europe:

+44 1895 425050

sales@palisade-europe.com

Download a FREE trial version of NeuralTools at <http://www.palisade.com?oracle>

Oracle readers SAVE 50% off NeuralTools Pro today when you mention this ad!

- advertisement -

The Oracle

Published by: The International Institute of Forecasters 53 Tesla Avenue Medford, MA 02155

Editor, The Oracle: Moira Hughes m.Hughes@napier.ac.uk

The International Institute of Forecasters (IIF) is the preeminent organization for scholars and practitioners in the field of forecasting. The IIF is dedicated to stimulating the generation, distribution and use of knowledge on forecasting. Membership, including a subscription to this newsletter, is USD120.00 for one year, USD55.00 for students.

All articles contained herein (except those taken from other sources) can be republished without approval as long as proper credit is given to the IIF. We welcome letters, opinions, suggestions, articles, etc. from our members. Correspondence and submissions for the next issue of The Oracle should be sent to Moira Hughes at the above email address, or, for more information, contact Pam Stroud, IIF Business Manager at forecasters@forecasters.org

IIF OFFICERS:

President: P. Geoff Allen Secretary: Moira Hughes

We're on the Web!

<http://www.forecasters.org>

<http://www.forecastingprinciples.com>