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A Letter from the President

This is the quietest time of the year for the IIF so this report will be brief. In part this is because others in the organization are working away at various projects. Following the successful conclusion of ISF2007 in New York, we asked presenters to send us a paper, Powerpoint® presentation, or link to their work, and a large proportion complied. The result is an enhanced posting of the program book (at http://forecasters.org/conf-isf.html) that is close to an electronic proceeding. We have applied for an ISSN, which is a step towards making it a recognized regular series, for those who want to cite papers there. We expect to repeat the effort for ISF2008. Improvements can doubtless be made, both in appearance and in the process of assembling the proceedings, so if you have ideas or comments please send them to me.

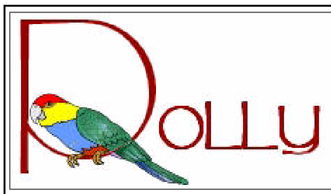
As one ISF ends planning for the next one moves into high gear (though the start of planning is much earlier). By the time you read this we will either have the ISF2008 website in full operational mode, including the ability to register, or that will be just a few days away. There's a lot on information already on the site. Check it out at http://forecasters.org/isf/index.html.

Apparently, Nice in June is a popular destination and hotels become full, so to get your preferred hotel this may be a time to make an early booking. The organizing committee is hard at work to make this the productive and memorable event we have come to expect.

Other ongoing activities include negotiations with potential publishers to take over the publishing of FORESIGHT and getting the first forecaster certification program under way. If we do enter into a contract with a publisher, editorial control will remain with the IIF, just as is the case with the *International Journal of Forecasting*.

Geoff Allen

IIF *Pollyprize* Award - Best Forecast of the 2008 US Presidential Vote



Polly is happy to announce that the International Institute of Forecasters will award a $1,000 prize to the authors of the empirical model that best forecasts the results of the 2008 presidential election in the USA. The precise criteria are specified below.

Purpose: The Pollyprize competition seeks to advance the scientific approach to political forecasting and to promote greater understanding of the factors that influence presidential election outcomes.

To Qualify for Consideration: Qualifying forecasting models must meet these conditions:

- The variable to be forecast is the percent of the two-party vote going to the candidate of the incumbents (the Republicans) or to the opposition (the Democrats).
- The forecast must be made with a quantitative model estimated from historical data.
- All data used to estimate the model should be submitted in machine-readable form, and the models should be replicable with the data submitted.

Evaluation Criteria:

- All qualifying entries will be evaluated according to the accuracy of their forecasts. The three models whose forecasts are closest to the actual election outcome will qualify as finalists.
- Finalists will be further evaluated according to the *quality of the model:* the model's contribution to our theoretical understanding of why presidential candidates win elections, the model's simplicity and ease of replication, and the forecast lead time (how far ahead of the election was the forecast issued).

Submissions and Due Dates: Submissions are to be made in two stages.

- The first submission must be made by March 14th, 2008. This submission shall include a brief

(Continued on page 4)

Inside this issue:

Save the Date!
ISF 2008
June 22—25th
Nice France

From the IIF Business Manager

Fall in New England means apple picking, magnificent foliage and my daughter's Saturday soccer games! Hard to believe, but October also marks my 3rd year with the IIF. I take only a moment to reflect on these past years, as the exciting work ahead for 2008 keeps me busy!

We have just returned from a spectacularly successful International Symposium on Forecasting in New York City, and we're again in the thick of planning for the next one! Make sure to mark your calendars for the **28th ISF in Nice, France, June 22-25, 2008**. We have an impressive array of speakers, a breath-taking setting in the south of France, and an enjoyable social program planned. For up-to-date news on ISF Nice, visit http://www.forecasters.org/ISF

Membership Renewal – If you haven't received the latest issues of the IJF or Foresight, this could mean that your membership in the IIF has expired! To renew, simply visit our website at http://www.forecasters.org/join.html We now accept American Express! If you have any questions about your membership status, please contact me at forecasters@forecasters.org

The **Fall 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 or visit our Web site. For advertising information, contact Bill Wicker, Managing Editor, at billwicker@forecasters.org

Your **feedback and suggestions** about the IIF are welcomed and encouraged! Whether it is ideas for *The Oracle*, additions to the web-site or membership ideas, we welcome your input. Please feel free to share your thoughts for continued improvement at, forecasters@forecasters.org

Whether it be Thanksgiving, Christmas, Hanukkah, Kwanzaa or a celebration of the changing seasons, we at the IIF wish you very happy holidays!

Pam Stroud
IIF Business Manager

Global Warming

Global warming is a forecasting issue. Scott Armstrong and Kesten Green's paper "Global Warming: Forecasts by Scientists versus Scientific Forecasts", is forthcoming in *Energy and Environment Energy & Environment,* 18, No. 7+8, 995-1019 (This is the 69th revision of the paper that was presented at ISF 2007 in New York, and the latest version is posted at http://publicpolicyforecasting.com.). In their audit of the processes used to forecast global warming, they were unable to find a single scientific forecast of global warming. There are only forecasts by experts and they are of no value.

How do we know that forecasts by the climate experts have no value? Read Phil Tetlock's *Expert Political Judgment: How good is it? How can we know?* (This book was reviewed by Adrian Tschoegel and Scott Armstrong in the *International Journal of Forecasting*, 23, 339-342). In addition, Green and Armstrong in "Value of expertise for forecasting decisions in conflicts,"*Interfaces,* (2007) found that experts were unable to make valid forecasts in conflict situations, where unaided expert judgment has long been regarded as the proper method.

Green and Armstrong's finding on global warming led to Scott Armstrong's $20,000 challenge to Al Gore to predict global mean temperatures over the next ten years. The history of this challenge is described at http://theclimatebet.com. Perhaps Mr. Gore will be willing to take on the challenge now that he has been awarded the Nobel Peace Prize.

Scott Armstrong and Kesten Green were asked, along with Willie Soon of the Harvard-Smithsonian Center for Astrophysics, to examine the scientific validity of forecasts produced for the U.S. Fish and Wildlife Services. The forecast reports stated that they were commissioned to "support U.S. Fish and Wildlife Service Polar Bear Listing Decision" and they assume that long term forecasts of global warming and reducing summer ice are valid.

EDITOR'S NOTE: The editor would encourage articles to be written on the topic of Global Warming which may have a different viewpoint from the one above, for consideration in the next Oracle newsletter.

News and Publications from IIF Members

Tom Yokum has been reappointed to the endowed chair, the Virgil Powell American Economic Principles Endowed Professorship. Tom has also bequeathed a gift to the Angelo State University to fund an additional Endowed Professorship. The chair will be in Forecasting.

Tom is retiring in 2008-2009.

IJF News

The big news in recent months has been that the ISI impact factor for the IJF has jumped to a massive 1.429. This puts us a long way ahead of any other forecasting journal, and should be a helpful boost to researchers with employers who like them to submit to journals with high impact factors!

The final issue for 2007 contains a special section on "Global income growth in the 21st century: determinants and forecasts" edited by Dennis Ahlburg and Thomas Lindh. It contains many interesting articles about long-term forecasting including income forecasts up to 2050 and long-term forecasts of carbon emissions.

We are also calling for papers for two new special issues that are being planned.

First, we have one on "Time series monitoring" which is being edited by Wil Gorr and Keith Ord. This will cover models, methods, evaluations, comparisons, and applications of time series monitoring for detecting structural breaks and other unexpected changes in time series patterns.

Motivating this special issue are new societal applications of such methods; for example, to bioterrorism and disease outbreak detection, medical screening and testing, crime prevention, and management-by-objectives systems such as CitiStat used by local governments. The richness of the underlying decision problems, including the importance of location, complexity and magnitude of data feeds, cost/benefit considerations, and need for drill down and diagnosis, opens opportunities for new research on time series monitoring.

The second special issue in planning is on "Applied Bayesian forecasting in economics", which is being edited by Kajal Lahiri and Gael Martin. The primary aim of the issue is to showcase the applicability of the Bayesian forecasting paradigm to a broad range of economic models and empirical problems. We are looking for papers with a reasonably substantive applied component. We are also looking for methodological contributions that highlight recent developments in Bayesian forecasting, including, but by no means restricted to, computational advances and issues related to forecast evaluation.

More details about these issues can be obtained from the guest editors, or from announcement in issue 23(4) of the International Journal of Forecasting.

Rob Hyndman
(Editor-in-Chief, International Journal of Forecasting)

Forecastingprinciples.com

Traffic at forecastingprinciples.com has grown enormously over the past year.

As of Sept 20, 2007, here are some facts based on our site counter at
http://awstats.skytech.biz/cgi-bin/awstats.pl?config=forecastingprinciples

- The site is projected to have 200,000 unique visitors for 2007 -- and 475,000 visits with 1.4 million page views and 2.5 million "hits."
- At 3.45 minutes per visit on average, people will spend about 27,000 hours on the site this year.
- Currently, the primary entry page after the main page is the Global Warming Audit. No other page comes close.

Some improvements have been made in the Delphi Software and more are planned. Please send your suggestions to Kesten Green at kesten@kestencgreen.com.

A major revision of the Forecasting Audit has just been completed. We believe that usability has been substantially improved. The software rewrite will make it easier for us to keep on making improvements.

Political forecasting

Polly, the forecastingprinciples.com political forecasting parrot, will soon be back on the job to cover the 2008 U.S. presidential election. She had about 90,000 visits for the 2004 election and expects to get even more attention in the coming election, given her spot-on results in 2004.

Polly's helpers have been busy. For example, the first expert (Delphi) surveys have been released. This approach, which was quite accurate in the 2004 election, is being simplified for the 2008 election. This is described in "Forecasting Elections Using Expert Surveys: An Application to U.S. Presidential Elections," by Jones, Armstrong & Cuzán. (Presented at the American Political Science Association meetings in Chicago, August 30, 2007 and in full text at http://pollyvote.com) In addition, further evidence on Delphi was provided in "Methods to Elicit Forecasts from Groups: Delphi and Prediction Markets Compared," by Green, Armstrong & Graefe in the latest issue of *Foresight*.

Expert forecasts and prediction markets

Andreas Graefe from the Institute for Technology Assessment and Systems Analysis in Karlsruhe, Germany, will be visiting with Scott Armstrong at the Wharton School from January 1 to March 31 to work on expert forecasts and prediction markets. He will be contributing also to the PollyVote efforts and to possible development of a Special Interest Group for prediction markets.

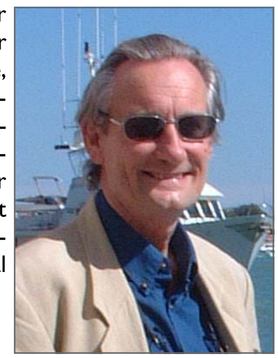
An economic forecaster was known to have an horseshoe prominently displayed above the door frame of his office. Asked what it was for, he replied that it was a good luck charm that helped his forecasts. But do you believe in that superstition? he was asked, and he said, "Of course not!" But then why do you keep it? "Well," he said, "it works whether you believe in it or not."

A physicist, a chemist and an economist are stranded on an island, with nothing to eat. A can of soup washes ashore. The physicist says, "Lets smash the can open with a rock." The chemist says, "Lets build a fire and heat the can first." The economist says, "Lets assume that we have a can-opener..."

New IIF Fellows Announced

Everette Gardner and Peter Young were both awarded fellowships of the IIF in recognition of their contribution to Forecasting. The President, Geoff Allen presented Everette with his award in New York at ISF 2007 (see Special Issue of the Oracle - August 2007). However Peter Young was unable to attend, so his biography is now included below:

Peter Young started his professional career in 1958 as an apprentice in the Aerospace Industry and he obtained a B.Tech. degree in Aeronautical Engineering from Loughborough University in 1962. He then completed an M.Sc. degree by research at Loughborough before moving to Cambridge University, where he obtained his Doctoral degree for work of recursive estimation and adaptive control in 1970. Following two years as a civilian scientist, working for the U.S. Navy in California, he was appointed University Lecturer in Engineering and a Fellow of Clare Hall, Cambridge University, in 1970. As a result of his novel research on environmental modelling and forecasting, he was then invited to become Professorial Fellow and Head of the Systems Group in the newly formed Centre for Resource and Environmental Studies at the Australian National University (ANU) in 1975. Finally, he moved back to U.K. in 1981, where he was Head of the Department of Environmental Science for seven years. He is now Emeritus Professor at Lancaster and Adjunct Professor in the Fenner School of Environment and Society, ANU. Peter continues to work full-time on a number of research projects at Lancaster, as well as ongoing research projects with colleagues in Spain (Departamento de Analisis Economico, Universidad Autonoma de Madrid), Australia (ANU and RMIT University, Melbourne), France (University of Nancy) and Italy (Joint Research Centre of the EEC, Ispra and Politecnico di Milano, Italy). Peter was one of the first scientists to recognise the importance of recursive estimation in the modelling and forecasting of stochastic dynamic systems. He is well known for his work in this area over the past 45 years, as well as research in other areas, such as environmental modelling and automatic control system design. His forecasting research has involved numerous different areas of application, including the environment and climate, macro economics, and business applications. His most recent forecasting research has been concerned with rainfall-flow modelling and real-time flood forecasting, where he is currently working on a project within the UK Flood Risk Management Research Consortium. Peter is a Whitworth Fellow and a Chartered Engineer.



He has received a variety of awards for his research contributions and has over 300 publications in the open literature, including a monograph on recursive estimation and his edited Concise Encyclopaedia of Environmental Systems. His publishing duties include Departmental Editor of the Journal of Forecasting; Consultant Editor of the International Journal of Control; and Associate Editor, Environmental Modelling and Software.

IIF *Pollyprize* Award, contd.

description of the model and the data used, along with a contingency table of predicted outcomes given alternative values of the model variables. The description should not exceed 1000 words, not counting title page, tables, figures, endnotes and references. All data used to estimate the model should be attached in machine- readable format, such as an Excel spreadsheet, and all data sources listed.

Qualifying entries will be published in the Summer 2008 issue of Foresight.

- The second submission is due by October 14th, 2008. It should present the final prediction in an essay of less than 250 words.

The final predictions from all entries will be assembled into a table published in a post-election issue of Foresight.

The submissions should be e-mailed simultaneously to Alfred Cuzán (acuzan@uwf.edu) and Randy Jones (ranjones@ucok.edu) no later than midnight (U.S. Central Daylight Time) on the dates indicated. In addition, the author(s) shall consent to the posting of their submissions and the appended data on the PollyPage at politicalforecasting.com.

Selection process and awarding of the prize: A majority vote of the Pollyprize organizing committee (Alfred Cuzán, Randy Jones, and Scott Armstrong) will decide whether a submission meets the stipulated qualifications and determine which models advance to the finalist stage. The finalists will be evaluated by a separate panel of judges consisting of a diverse group of experts in forecasting, elections, and other relevant fields.

The $1,000 award will be presented to the authors following final determination of the election outcome. Additionally, the winner(s) will be invited as guest speakers at the February 2009 Forecasting Summit, normally held in Orlando.

No member of the organizing committee, the panel of judges, or the Board of Directors of the International Institute of Forecasters is eligible for the Pollyprize.

Additional Information: For additional information on the International Institute of Forecasters and the journal *Foresight*, visit forecasters.org. For more information about Polly, go to pollyvote.com.

SAS News

SAS Company News

Jack Hymanson, Solutions Architect in the Global Professional Services & Delivery Practice, has recorded a demonstration of SAS Forecast Server software highlighting its event modelling capabilities. Utilizing oil production data from the Gulf of Mexico, and hurricane events (including Katrina), this 35-minute recording is available for free on-demand replay at www.sas.com/forecastingdemo.

The two part web series on "Worst Practices in Forecasting" is available for free on-demand replay at http://www.sas.com/events/cm/147329/oview.html. Mike Gilliland, Product Marketing Manager for SAS Forecasting, delivers the educational content, and Part 2 features a presentation on "What's New in SAS Forecast Server v2.1" by Product Manager Meredith John.

The webcast "Demystifying Forecasting: Can You Handle the Truth" is available for free on-demand replay at http://www.bettermanagement.com/seminars/seminar.aspx?l=14473. Charlie Chase, Business Enablement Manager in the Global Manufacturing & Supply Chain Practice, hosted the webcast, with guests Wayne Obetz of Campbell Soup and Dr. Tom Mentzer of the University of Tennessee.

SAS Personnel News

Ed Katz, Solutions Architect in the Global Supply Chain Practice, delivered a lunch presentation on "Keys to Forecasting Success" at the IBF Executive Forecasting Forum on September 10.

Charlie Chase delivered a workshop on "Basics in Causal Modelling and Forecasting" at the Forecasting Summit on September 17. Also speaking at Forecasting Summit was SAS customer Tim Rey of Dow Chemical.

Peter Dillman, Solutions Architect in the Global Professional Services & Delivery Practice, and Charlie Chase, will deliver a workshop on "Driving Forecasting Excellence Within Your Organization" at the Pharma Forecasting Excellence USA 2007 conference (Boston, October 25-26, http://www.eyeforpharma.com/forecastingusa07/workshops.shtml).

Mike Gilliland is presenting "Worst Practices in Business Forecasting" at the APICS International Conference (Denver, October 21-23, http://www.apics.org/education/conference/index.asp). Mike is also co-presenting with Martin Joseph of AstraZeneca on "Measuring and Reporting Forecasting Performance" at the IBF Supply Chain Forecasting & Planning Conference (Orlando, October 28-31, http://www.ibf.org/conferences.cfm?fuseaction=conferenceDetail&conID=189).

SAS Events

SAS will be exhibiting at the following events this fall:

- APICS International Conference and Exposition (Denver, October 21-23, www.apics.org)
- Pharma Forecasting Excellence USA 2007 (Boston, October 25-26, www.eyeforpharma.com)
- IBF Supply Chain Forecasting & Planning Conference (Orlando, October 28-31, www.ibf.org)

Call For Papers

Special Section onTime Series Monitoring

International Journal of Forecasting

We seek original research papers on models, methods, evaluations, comparisons, and applications of time series monitoring for detecting structural breaks and other unexpected changes in time series patterns.

Methods in the forecast literature, such as CUSUM, Brown's method, and Trigg's tracking signal, were originally developed for monitoring product demand forecasting systems and use extrapolative forecast errors for signal detection, where the signal is a pattern change. Statistical process control uses a range of methods focusing on confidence intervals to detect when a process, such as in product manufacturing, is out of control. Traditional methods assumed independent observations, but modern approaches rely heavily upon time series models to separate signal and noise components.

Motivating this special section are new societal applications of such methods; for example, to bioterrorism and disease outbreak detection, medical screening and testing, crime prevention, and management-by-objectives systems such as CitiStat used by local governments. The richness of the underlying decision problems, including the importance of location, complexity and magnitude of data feeds, cost/benefit considerations, and need for drill down and diagnosis, opens opportunities for new research on time series monitoring.

If you have a potential topic or paper, please email one of the editors of this special section for feedback. For submission, please email a paper to ijf@forecasters.org and note that it is intended for this special issue. Please see the guide for authors at http://www.forecasters.org/pdfs/Guideforauthors.pdf.

The deadline for paper submission is December 31, 2007. All papers will undergo the standard refereeing process used by the *International Journal of Forecasting*, but in an expedited fashion. We expect to complete the special section by late Spring, 2008.

Edited by:

Wilpen Gorr, Carnegie Mellon University
gorr@cmu.edu

Keith Ord , Georgetown University
ordk@msb.edu

Call For Papers, contd.

Special Issue of the *International Journal of Forecasting*: Applied Bayesian Forecasting in Economics

Guest Editors: Kajal Lahiri and Gael Martin

The editors of this special issue of the *International Journal of Forecasting* (*IJF*) invite submissions on recent advances in the use of the Bayesian forecasting method in economics and allied social sciences.

The primary aim of the issue is to showcase the applicability of the Bayesian forecasting paradigm to a broad range of economic models and empirical problems. We are not dictating the nature of the contribution, but are looking for papers with a reasonably substantive applied component. We are also looking for methodological contributions that highlight recent developments in Bayesian forecasting, including, but by no means restricted to, computational advances and issues related to forecast evaluation.

We request that authors initially submit a brief abstract to the editors of the special issue. A quick response as to the suitability of the proposed topic will be given. Final papers should be submitted electronically to the editorial office at ijf@forecasters.org, with a note to indicate that the paper is intended for the special issue. All contributions will be refereed and held to the usual *IJF* standards. Please refer to the guidelines for preparing papers for submission, at http://www.forecasters.org/pdfs/Guideforauthors.pdf.

The deadline for submission of papers is June 1, 2008, but earlier submissions are welcome. We are aiming for publication of the issue by mid-2009.

Please submit your initial abstract electronically to both:

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Special issue on "ICT Forecasting" Telektronikk – Telenor's Journal of Technology

telektronikk

Telenor will support the ISF2008 in Nice, France, which is dedicated to Information and Communication Technology Forecasting by making a special issue on ICT Forecasting. For supporting ISF, contributors are asked, if possible, both to present the paper at ISF by submitting the traditional abstract via the ISF website (http://forecasters.org/isf/) and to submit extended abstract for the journal issue. The following instructions apply only to the journal issue.

Submissions and Selection Criteria
Extended Abstracts of a minimum of **800 words and a maximum of 3 pages**, including figures and diagrams, are requested by **February 29, 2008**. They will be evaluated by an International Committee of experts based on quality, novelty, and relevance to ICT forecasting issues.
Key words: Long-term telecommunication forecasting, Information and communication technology forecasting, Demand models for new and established telecommunication services, Forecasting and techno-economic modelling, Forecasting models and uncertainties, Risk analysis, Competition, etc.

The full papers based on selected Extended Abstracts will be published in the special issue "**ICT Forecasting**" in the journal **Telektronikk** no 4, 2008.

Please visit the journal website: http://www.telektronikk.com.

Guidelines for Submitting Extended Abstracts
The Extended Abstract must include the following points:

On the top of the first page, authors must indicate abstract title, the name(s) of the author(s), mailing address, telephone and fax numbers, e-mail address.
Authors must indicate clearly how their Extended Abstract will be developed to the full paper. The Extended Abstracts (typed in 12 pt. font Times New Roman) should be in Portable Document Format (pdf) and submitted by e-mail to: telektronikk@telenor.com.

Please start the e-mail title with the keyword "ISF".
In case of any problem in submitting, please contact: Ms Gunhild Luke, gunhild.luke@telenor.com. For all other questions about the special issue, please contact the Feature Editors: **Dr Kjell Stordahl**, kjell.stordahl@telenor.com, or **Mr Nils Elnegaard**, nils.elnegaard@telenor.com

Forecasting Events

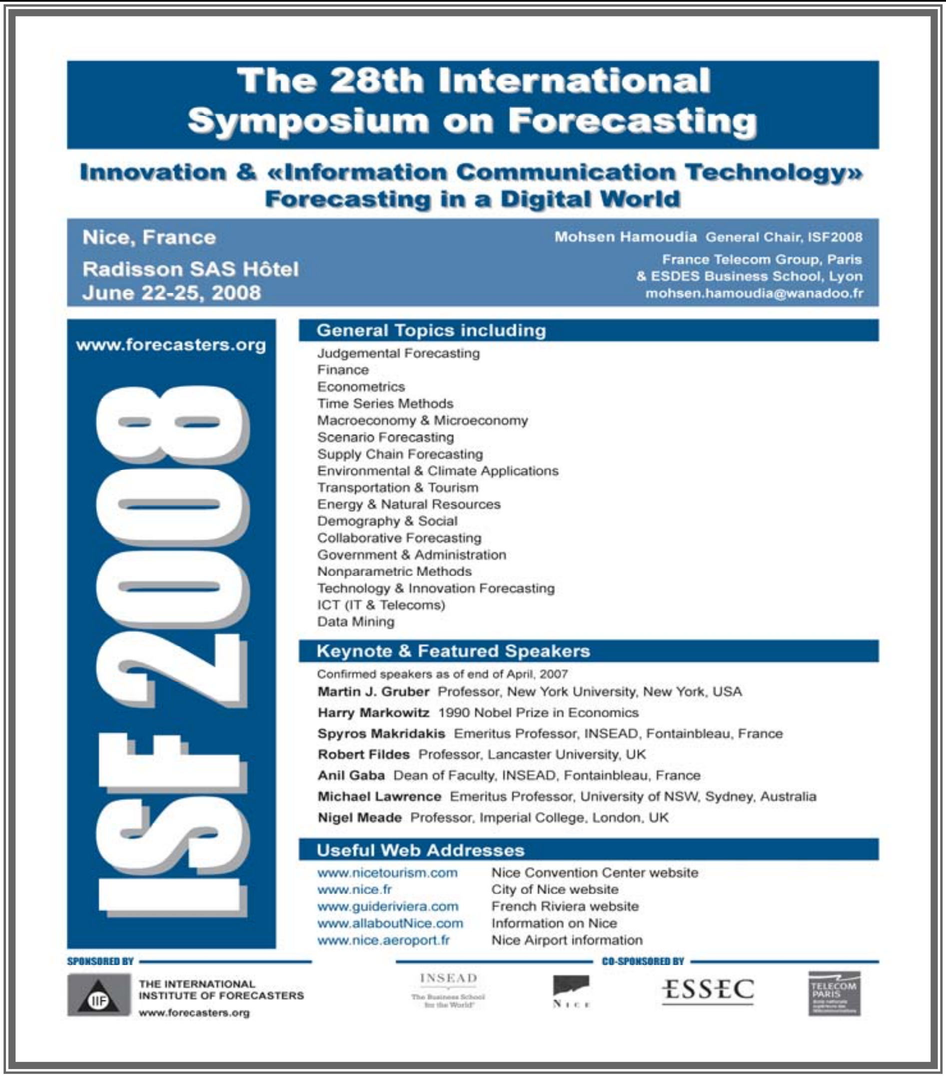
Forecasting Summit 2007

Presented twice a year in cooperation with the IIF, **the Forecasting 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.

At last month's Forecasting Summit held in Boston, Massachusetts, a wide range of topics—such as new product forecasting, Sales and Operations Planning (S&OP), and using econometrics for forecasting—were covered. Highlights of the conference included a presentation by Ellen Bonnell of Trends Savant entitled *How to Get Good Forecasts from Bad Data* (also published in the Summer 2007 issue of *Foresight*) and a tutorial by Dr. Peter Kennedy of Simon Fraser Univ sity on *Using Econometrics for Forecasting*.

The next Forecasting Summit will be on February 11-13, 2008 at Disney's Yacht & Beach Club Resort in Orlando, Florida. For further information, visit www.forecasting-summit.com

Certification in Forecasting



The Oracle

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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

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