- Thesis Title**: "Macroeconomic Forecasting Using a GVAR model: Pakistan VS Major Trading Partner Countries"**

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ABSTRACT

In this thesis an attempt has been made to analyze and estimate the macroeconomic forecasting for Pakistan and its major twelve trading partners for the period of 1995Q1 to 2012Q4, using Global Vector Autoregressive (GVAR) Model. The key feature of GVAR model is to capture the independence and co-movement across countries. Second, it provides better forecasting performance. The GVAR model is estimated for twelve trading economies. During estimation, Pakistan economy is treated as single and also treated as domestic economy whiles other trading partners is treated as foreign economies. The important finding of this study is that the GVAR forecasts better than the VAR forecasts in most of the cases. Second the foreign real gross domestic product and foreign inflation are reflecting the significant impact of their domestic counterpart of Pakistan real gross domestic product and inflation.