

ON A TESTING PROCEDURE FOR MODEL SELECTION

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ABSTRACT

In this paper a forecasting model selection scheme is considered which amounts to testing the predictive behaviour of a model by adopting Xekalaki and Katti's (1984) idea of assigning to its performance a score for each of a series of time points. The score reflects how close to, or how far from, the predictive value the observed actual value is. A statistical test is proposed for comparing the forecasting performances of two models.