

# PHILOSOPHICAL TRANSACTIONS OF THE ROYAL SOCIETY A

MATHEMATICAL, PHYSICAL AND ENGINEERING SCIENCES

 Restricted access

Article

## Chaos and nonlinear forecastability in economics and finance

Blake LeBaron

Published: 15 September 1994 <https://doi.org/10.1098/rsta.1994.0099>

### Abstract

Both academic and applied researchers studying financial markets and other economic series have become interested in the topic of chaotic dynamics. The possibility of chaos in financial markets opens important questions for both economic theorists as well as financial market participants. This paper will clarify the empirical evidence for chaos in financial markets and macroeconomic series emphasizing what exactly is known about these time series in terms of forecastability and chaos. We also compare these two concepts from a financial market perspective contrasting the objectives of the practitioner with those of the economic researchers. Finally, we will speculate on the impact of chaos and nonlinear modelling on future economic research.

### Footnotes

This text was harvested from a scanned image of the original document using optical character recognition (OCR) software. As such, it may contain errors. Please contact the Royal Society if you find an error you would like to see corrected. Mathematical notations produced through Infty OCR.



Your choice regarding cookies on this site. We use cookies to optimise site functionality and give you the best possible experience. [Privacy policy](#)

[Cookies Settings](#)

Reject All Cookies

Accept All Cookies

## PHILOSOPHICAL TRANSACTIONS A

[About this journal](#)

[Propose an issue](#)

[Contact information](#)

[Purchasing information](#)

[Journal metrics](#)

[Recommend to your library](#)

[Search help](#)

## ROYAL SOCIETY PUBLISHING

[Our journals](#)

[Historical context](#)

[Open access](#)

[Open science](#)

[Publishing policies](#)

[Permissions](#)

[Conferences](#)

[Videos](#)

[Blog](#)

[Manage your account](#)

[Terms & conditions](#)

[Privacy policy](#)

[Cookies](#)

## THE ROYAL SOCIETY

[About us](#)

[Contact us](#)

[Fellows](#)

[Events](#)

Your choice regarding cookies on this site. We use cookies to optimise site functionality and give you the best possible experience. [Privacy policy](#)

[Cookies Settings](#)

Reject All Cookies

Accept All Cookies