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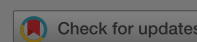
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# Using newspapers for tracking the business cycle: a comparative study for Germany and Switzerland

David Iselin & Boriss Siliverstovs

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recession indicator from Google Trends. As our indices are timely and simple to construct, they could be replicated in countries or regions where no reliable economic indicators exist or their provision is very costly.

KEYWORDS:

- Nowcasting
- recession
- indicators
- Google Trends

JEL CLASSIFICATION:

- C22
- C53

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Notes

- <sup>1</sup> DAX stock index
- <sup>2</sup> A country's economic growth is measured by the annual percentage change in its gross domestic product (GDP). The GDP is the total value of goods and services produced in a country.
- <sup>3</sup> Data are obtained from the KOF Economic Barometer, which is a composite index of leading indicators. The index is constructed from a variety of indicators, including the number of new orders, the number of employees, and the number of new hires.
- <sup>4</sup> Handelsblatt is a German newspaper.

[illegible]

<sup>13</sup> Here we follow a so-called Bridge Model approach traditionally used in the time series literature (e.g. see inter alia Baffigi, Golinelli, and Parigi [2004](#); Golinelli and Parigi [2007](#); Trehan [1989](#)).

<sup>14</sup> Although the French-speaking and the Italian-speaking parts of Switzerland are more French-oriented and Italy-oriented, respectively, the German-speaking part of Switzerland is the economically speaking dominant part of the country.

<sup>15</sup> As mentioned in the Introduction, Germany is by far the single most important export and import country for Switzerland, responsible for 20% of all exports and almost 30% of imports according to the Swiss Customs Administration, the official body for measuring Swiss trade.

<sup>16</sup> Since one may argue that by restricting the starting date for the model estimation in 1998Q1 we are likely to artificially impair the forecasting performance of the models augmented with economic indicators for which more data points are available, we also conducted the robustness check where we allow for maximum possible estimation samples. We make these results available upon request.

<sup>17</sup> We experimented with alternative criterion for model specification choice, like minimizing the Schwarz Information Criterion, and longer lags of the explanatory variables, but it did not result in any systematic improvement in forecast accuracy.

<sup>18</sup> Since ×ed zero  
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