

Abstract

This thesis explores the reliability of real-time estimates of the cyclically-adjusted primary balances. Using fixed effects and weighted least squares models, we show that the real-time estimates are systematically biased and subsequently revised downwards. Moreover, the most important determinants of the revisions are economic conditions and the cyclically-adjusted primary balance revisions are positively correlated with growth surprises. On the other hand, we do not confirm any significant role of institutions and political environment that has appeared in the previous literature.

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