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## **The Macroeconometric Model of the Deutsche Bundesbank**

### **A Brief Review**

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### **Abstract**

This short review presents the main characteristics of the macroeconomic model of the Deutsche Bundesbank. This medium-sized quarterly model describing the West German economy is regularly used in macroeconomic forecasting and policy evaluation. It is divided into seven interdependent blocks dealing with (1) the demand side and (2) the supply side of the economy, with (3) costs and prices, (4) the public sector, (5) foreign trade and payments, and (6-7) the financing of the economy. The latter two blocks were re-specified recently, when a portfolio selection model was incorporated to explain private demand for financial assets. The portfolio block is described in more detail. Moreover, estimation results obtained by application of Zellner's restricted joint generalized least squares (RJGLS) method are presented.