



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi

Website : www.rbi.org.in

ई-मेल/email: helpdoc@rbi.org.in

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001

Department of Communication, Central Office, S.B.S.Marg, Mumbai-400001

फोन/Phone: 022- 22660502

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**RBI Working Paper No. 02/2020
Construction of Bivariate Fan Chart from Joint Distribution**

The Reserve Bank of India today released, on its website, a Working Paper titled "[Construction of Bivariate Fan Chart from Joint Distribution](#)" under the Reserve Bank of India Working Paper Series*. The Paper is authored by Purnima Shaw.

This paper proposes a theory on construction of bivariate fan chart involving two linearly related variables and conditional fan chart for a variable given the known information on the other. These charts are particularly useful when data release of one of the variables occur with a larger lag than that of the other variable. When information on one variable is released, avoidance of error that could be committed in its prediction may help in refining the point forecasts and error distribution of the other variable which may be quite useful from the policy perspective. Numerical presentation show that error committed in prediction of one variable helped in reducing and refining the error in prediction of the other.

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Ajit Prasad
Director

* The Reserve Bank of India introduced the RBI Working Papers series in March 2011. These papers present research in progress of the staff members of the Reserve Bank and are disseminated to elicit comments and further debate. The views expressed in these papers are those of authors and not of the Reserve Bank of India. Comments and observations may kindly be forwarded to authors. Citation and use of such papers should take into account its provisional character.