

Glossary: In-sample vs. out-of-sample forecasts

Statistics Explained

Statistical tests of a model's [forecast](#) performance are commonly conducted by splitting a given [data set](#) into an in-sample period, used for the initial parameter [estimation](#) and [model](#) selection, and an out-of-sample period, used to evaluate forecasting performance.

Empirical evidence based on out-of-sample forecast performance is generally considered more trustworthy than evidence based on in-sample performance, which can be more sensitive to [outliers](#) and data mining. Out-of-sample forecasts also better reflect the information available to the forecaster in "real time".

Further information

- [Handbook on Data Quality - Assessment Methods and Tools](#)

Related concepts

- [Forecasting](#)
- [Forecasting model](#)