Forecasting Using the I-O Model

1. Forecast exports to some future year for each exporting local industry (i.e., computers and wire in the example).

2. Multiply (1) by the appropriate output multiplier (i.e., 2.65 and 3.04 in the example).

3. The result of (2) is a forecast of output of each city industry and total city output.

4. Forecast employment for each city industry by multiplying the appropriate forecast of output from step 2 by the appropriate employment-output ratio

$$E_i = Q_i \left[\frac{E}{Q}\right]_i$$

E_i - Employment forecast for industry i
Q_i - Output forecast for industry i (step 2)
E - Current year employment of industry i
Q - Current year output of industry i