Referee Report on "A Note on Updating Forecasts when New Information Arrives between Two Periods" (Manuscript no. 309, submitted to *Economics*)

This paper analyzes the updating problem in a discrete-time forecasting model when information can arrive in-between two dates. In addition to presenting theoretical results, the author provides various examples.

The author discusses an interesting and important problem. Unfortunately, the results rely on the assumption that the conditional expectation is a linear interpolation between the latest value and the conditional expectation of the value one date ahead (assumption A1). This implies that the forecasting error between two dates is proportional to the forecasting error associated with the forecast for the next date. I think that we should be able to do better than that. One conceivable approach (that the author seems to acknowledge) would be to model the underlying process as a continuous-time process, which is observed on discrete dates. The author might want to consult Harvey (2008, Chapter 9) for an introduction to the topic.

In addition, I found some inconsistencies in the discussions of the examples. For example, the author argues that the continuous-time process in Equation 9 (on page 5) implies the discrete-time process in Equation 7. However, while the error term presented in the third paragraph on page 5 is normally distributed, it does not follow a standard normal distribution.

In conclusion, I think that the paper relies on too strong assumptions and that it is lacking in terms of mathematical rigor. Given that the previous literature has already explored this topic using much better approaches, the paper seems redundant.

Additional reference (not included in the paper)

Harvey, A. C. (2008): "Forecasting, structural time series models and the Kalman Filter," Cambridge University Press, Cambridge.