

The transmission mechanism in a changing world

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1 Description of Data Set

The endogenous variables in the systems are always the quarterly growth of real GDP, that is, 100 times the first difference of log-level of real GDP. The series French GDP is computed using nominal GDP and GDP deflator from the OECD dataset (1970:Q1-2001:Q2). The series for Italy, US and UK are the constant price series (base 1995) presented by the OECD and have the same length as the French one. The series of output growth of Germany is computed using the current price series from OECD. The series is not seasonally adjusted before 1991:Q2 and we do the adjustment using X12. We avoid the jump due to the unification using the GDP growth for West Germany until 1991:Q1 and for unified Germany from 1991:Q2. For Spain, we use growth rates of the IMF GDP volume index until 1980:Q1, and then the OECD constant price series is available with the same base as the one in previous countries.

All transition variables are quarterly and are described below.

1.1 Transition Variables

1.1.1 Monetary Policy Instruments

RST-: Short-Term Real Interest Rate

Calculation: $\ln(1+(ST-((CPI/(\text{lag}(CPI,4)))-1)*100)/100)$, where CPI is the Consumer Price Index (base 1995=100) and $\text{lag}(CPI,4)$ is the CPI lagged 4 periods

Sample period: France, Germany, UK, US: 1970Q1-2001Q4; Italy: 1971Q1-2001Q4;
Spain: 1974Q1-2001Q4

Source: IFS (2002)

ST: Short-Term Interest Rate

Description: France, UK, US: Treasury Bill Rate; Germany, Italy, Spain: Money Market Rate, percent per annum, end of period

Sample period: France, Germany, UK, US: 1970Q1-2001Q4; Italy: 1971Q1-2001Q4;
Spain: 1974Q1-2001Q4

Source: IFS (2002)

DM2SA: Broad Money M2

Description: sum of Money (IFS, line 34=lines 14a+14d+14e+14f+14g+24) and Quasi-Money , (IFS, line 35=lines 15+25) billions of national currency; break in 1999q1 for Euro area countries due to the change to a Euro area-wide definition of residency; starting in 1999q1, data are converted using the Euro conversion rate

Transformation: 100*1st log difference of seasonally adjusted series (with X12)

Sample period: 1970Q1-2001Q4

Source: IFS (2002)

1.1.2 Financial Variables**DREER: Real Effective Exchange Rate**

Description: index number (base 1995=100), for IFS: REER based on relative consumer prices

Transformation: 100*1st log difference

Sample period: France, Germany, Italy, Spain, US: 1970q1-2001q4; UK: 1972Q1-2001Q4

Sources: OECD (2002): 1970Q1-2001Q2, IFS (2002): 2001Q3

D_ERE: Exchange Rate

Description: units of national currency per US Dollar, end of period; starting in 1999q1, D_ERE for Euro area countries is based on Euro-US Dollar exchange rate and the Euro conversion rates

Transformation: 100*1st log difference

Sample period: 1970Q1-2001Q4

Source: IFS (2002)

RLT: Long-Term Real Interest Rate

Calculation: $\ln(1+(LT-((CPI/(\text{lag}(CPI,4)))-1)*100)/100$, where CPI is the Consumer Price Index with (base 1995=100) and lag(CPI,4) is the CPI lagged 4 periods

Sample period: France, Germany, Italy, UK, US: 1970q1-2001q4; Spain: 1978q2-2001q4

Source: IFS (2002)

LT: Long-Term Interest Rate

Description: Government Bond Yield, percent per annum, end of period

Sample period: France, Germany, Italy, UK, US: 1970Q1-2001Q4;Spain: 1978Q2-2001Q4

Source: IFS (2002)

DSPI1: Share Prices

Description: index number (base 1995=100), UK, US: Share Prices Industrial

Transformation: 100*1st log difference

Sample period: France, Germany, Italy, Spain, US: 1970q1-2001q4; UK: 1970Q1-1999Q1

Source: IFS (2002)

1.1.3 International Capital Flows

BIN: Net Banks International Assets over Liabilities/GDP

Description: ratio of Deposit Money Banks International Assets to GDP, where the nominator=(IFS, line .7a., billions of US Dollars) and the denominator=GDP nominal,seasonally adjusted (IFS, line 99b, billions of national currency) divided by the period average exchange rate;break in 1999q1 for Euro area countries due to the change to a Euro area-wide definition of residency

Transformation:

Sample period: France, Germany, Italy, Spain: 1970q1-2001q4;
France: missing 1998q3-q4; UK, US: 1970q1-2001q3

Source: IFS (2002)

TNET: Total Net Flows/GDP

Description: ratio of Total Net International Capital Flows (sum of net FDI, net portfolio and net other investments) to GDP, where the nominator=(IFS, lines 78bd+78be+78bf+78bg+78bh+78bi, billions of US Dollars) and the denominator=GDP nominal, seasonally adjusted (IFS, line 99b, billions of national currency) divided by the period average exchange rate

Transformation:

Sample period: France: 1975Q1-2001Q3; Gemany: 1971Q1-2001Q3;
Italy: 1970Q1-2001Q1; Spain: 1975Q1-2001Q3; UK: 1970Q1-2001Q3
US: 1973Q1-2001Q3

Source: IFS (2002)

BDBAL: External Assets/Liabilities of German Banks

Description: ratio of External Assets to External Liabilities of German Banks (vis-à-vis a given chosen country, both in millions of Euro)

Transformation:

Sample period: France, Italy, UK, US: 1975Q4-2001Q4; Spain: 1982Q2-2001Q3

Source: Datastream, Bundesbank Data

USBCL: External Claims/Liabilities of US Banks

Description: ratio of Total Claims on Foreigners to Total Liabilities to Foreigners Reported by Banks in the US (both in millions US dollar)

Transformation:

Sample period: 1978Q2-2001Q4

Source: US Treasury

USBGR: US Bond Purchase from Country X/Total Europe

Description: ratio of Gross Purchases by US Residents of Foreign Bonds from country X to Gross Purchases by US Residents of Foreign Bonds from Total Europe (in millions US dollar)

Transformation:

Sample period: 1977Q1-2001Q4

Source: US Treasury (2002)

USSTGR: US Stock Sales to Country X/Total Europe

Description: ratio of Gross Sales by US Residents of US Corporate Stocks to country X to Gross Sales by US Residents of US Corporate Stocks to Total Europe (both in millions US dollar)

Transformation:

Sample period: 1977Q1-2001Q4

Source: US Treasury (2002)

1.1.4 Trade

TOT: Terms of Trade

Description: ratio of Export Price Index (base 1995=100) to Import Price Index (base 1995=100)

Sample period: France: 1970q1-2001q2; Germany, Italy: 1970q1-2001q1;
Spain, UK: 1970Q1-2001Q3; US: 1970Q1-2001Q4

Source: IFS (2002)

TRADE: Trade with Chosen Countries/Total Trade

Description: Trade (exports plus imports) with the Chosen
Countries in percent to Total Trade

Original frequency: monthly

Transformation: seasonally adjusted with X12. quarterly data obtained by
averaging monthly data over quarters.

Sample period: 1970:Q1-2001:Q3

Source: OECD (2002)

1.1.5 Natural Resources

OLIMP: Oil Imports/GDP

Description: ratio of Net Oil Imports to GDP, toe per thousand 1995
US dollars

Transformation: linear interpolation assuming that the obs. of Q4 is the annual value

Original frequency: annual

Sample period: 1970-1999

Source: OECD (2002) (Energy, International Energy Agency /
OECD Energy Balances / Indicators / Flow)

NETIMP: Net Imports of Mineral Fuels/GDP

Description: Net Imports (imports minus exports) of Mineral Fuels, Lubricants
and Related Materials (SITC Section 3), millions of US dollars to GDP

Transformation: 100*

Sample period: 1970Q1-2000Q2, Spain: data not included

Source: OECD (2002) (Foreign Trade / Monthly Foreign Trade Statistics /
Trade by Standard International Trade Classification (SITC) Sections)

1.1.6 Labour Market

UNEM: Unemployment Rate

Description: unemployment as percentage of total labour force,
seasonally adjusted

Transformation:

Sample period: 1970:Q1-2001:Q2. Spain: 1972:Q2-2001:Q2

Source: OECD