Appendix B
The ROW Part of the MCD Model

March 1, 2009

Table B.1
The Countries and Variables in the MCD Model

Quarterly Countries			**Local Currency**	**Trade Share Equations Only**		
1	US	United States	U.S. Dollar (mil.)	40	TU	Turkey
2	CA	Canada	Can. Dollar (mil.)	41	PD	Poland
3	JA	Japan	Yen (bil.)	42	RU	Russia
4	AU	Austria	Euro (mil.)	43	UE	Ukraine
5	FR	France	Euro (mil.)	44	EG	Egypt
6	GE	Germany	Euro (mil.)	45	IS	Israel
7	IT	Italy	Euro (mil.)	46	KE	Kenya
8	NE	Netherlands	Euro (mil.)	47	BA	Bangladesh
9	ST	Switzerland	Swiss Franc (bil.)	48	HK	Hong Kong
10	UK	United Kingdom	Pound Sterling (mil.)	49	SI	Singapore
11	FI	Finland	Euro (mil.)	50	VI	Vietnam
12	AS	Australia	Aust. Dollar (mil.)	51	NI	Nigeria
13	SO	South Africa	Rand (mil.)	52	AL	Algeria
14	KO	Rep. of Korea	Won (bil.)	53	IA	Indonesia
Annual Countries				54	IN	Iran
15	BE	Belgium	Euro (mil.)	55	IQ	Iraq
16	DE	Denmark	Den. Kroner (bil.)	56	KU	Kuwait
17	NO	Norway	Nor. Kroner (bil.)	57	LI	Libya
18	SW	Sweden	Swe. Kroner (bil.)	58	UA	United Arab Emirates
19	GR	Greece	Euro (mil.)	59	AO	All Other
20	IR	Ireland	Euro (mil.)			
21	PO	Portugal	Euro (mil.)			
22	SP	Spain	Euro (mil.)			
23	NZ	New Zealand	N.Z. Dollar (mil.)			
24	SA	Saudi Arabia	Riyals (bil.)			
25	VE	Venezuela	Bolivares (bil.)			
26	CO	Colombia	Col. Pesos (bil.)			
27	JO	Jordan	Jor. Dinars (mil.)			
28	SY	Syria	Syr. Pound (mil.)			
29	ID	India	Ind. Rupee (bil.)			
30	MA	Malaysia	Ringgit (mil.)			
31	PA	Pakistan	Pak. Rupee (bil.)			
32	PH	Philippines	Phil. Peso (bil.)			
33	TH	Thailand	Baht (bil.)			
34	CH	China	Yuan (bil.)			
35	AR	Argentina	Arg. Peso (mil.)			
36	BR	Brazil	Reais (mil.)			
37	CE	Chile	Chi. Peso (bil.)			
38	ME	Mexico	New Peso (mil.)			
39	PE	Peru	Nuevos Soles (mil.)			

• The countries that make up the EMU, denoted EU in the model, are AU, FR, GE, IT, NE, FI, BE, IR, PO, SP, GR. (GR begins in 2001.) (Luxembourg, which is also part of the EMU, is not in the model.)
• Prior to 1999:1 the currency is Schillings for AU, Fr. Francs for FR, DM for GE, Lira for IT, Guilders for NE, Markkaa for FI, Bel. Francs for BE, Irish Pounds for IR, Escudes for PO, Pesetas for SP, and Drachmas for GR (prior to 2001:1). The units are in euro equivalents. For example, in 1999:1 the Lira was converted to the euro at 1936.27 Liras per euro, and 1936.27 was used to convert the Lira to its euro equivalent for 1998:4 back.
• The NIPA base year is 2000 for all countries except CA (2002), UK (2003), and AS (2005-2006).

Table B.2
The Variables for a Given Country in Alphabetical Order

Variable	Eq. No.	Description
a_{ij}	L-1	Share of i's merchandise exports to j out of total merchandise imports of j. [See below]
A	I-7	Net stock of foreign security and reserve holdings, end of quarter, in lc. [$A_{-1} + S$. Base value of zero used for the quarter prior to the beginning of the data.]
C	2	Personal consumption in constant lc. [OECD data or IFS96F/CPI]
E	9 or I-14	Exchange rate, average for the period, lc per $. [IFSRF]
EE	I-9	Exchange rate, end of period, lc per $. [IFSAE]
EX	I-2	Total exports (NIPA) in constant lc. [OECD data or (IFS90C or IFS90N)/ PX]
$EXDS$	exog	Discrepancy between NIPA export data and other export data in constant lc. [$EX - PX00(E00 \cdot X00\$ + XS)$.]
$E00$	exog	E in 2000, 2000 lc per 2000 $. [IFSRF in 2000]
F	10	Three-month forward exchange rate, lc per $. [IFSB]
G	exog	Government purchases of goods and services in constant lc. [OECD data or (IFS91F or IFS91FF)/PY] (Denoted GZ for countries CO and TH.)
H	9	Exchange rate, average for the period, lc per DM euro. [E/E_{GE}]
I	3	Gross fixed investment in constant lc. [OECD data or IFS93/PY]
IM	I-1	Total imports (NIPA) in constant lc. [OECD data or IFS98C/PM]
$IMDS$	exog	Discrepancy between NIPA import data and other import data in constant lc. [$IM - PM00(M + MS)$]
J	13	Total employment in millions. [OECD data or IFS67 or IFS67E or IFS67EY or IFS67EYC]
$JMIN$	I-13	Minimum amount of employment needed to produce Y in millions. [Y/LAM]
LAM	exog	Computed from peak to peak interpolation of $\log(Y/J)$.
$L1$	14	Labor force in millions. [OECD data]
M	1	Total merchandise imports (fob) in 2000 lc. [IFS71V/PM]
MS	exog	Other goods, services, and income (debit) in 2000 lc, BOP data. [((IFS78AED+IFS78AHD)E)/PM]
$M00\$A$	I-8	Merchandise imports (fob) from the trade share matrix in 2000 $. [See below]
$M00\$B$	exog	Difference between total merchandise imports and merchandise imports from the trade share matrix in 2000 $ (i.e., imports from countries other than the 44 in the trade share matrix). [$M/E00 - M00\$A$]
$M1$	6	Money supply in lc. [IFS34 or IFS34A.N+IFS34B.N or IFS35L.B or IFS39MAC or IFS59MA or IFS59MC]
NW	I-15	National Wealth in constant lc. [$NW_{-1} + I + V1 + EX - IM$. Base value of zero used for the quarter prior to the beginning of the data.]
PM	I-13	Import price deflator, 2000 = 1.0. [IFS75/100]
PMP	L-4	Import price index from DOT data, 2000 = 1.0. [See below]
$PM00$	exog	PM in the NIPA base year divided by PM in 2000.
POP	exog	Population in millions. [IFS99Z]
$POP1$	exog	Population of labor-force-age in millions. [OECD data]
$PSI1$	exog	$[(EE + EE_{-1})/2]/E$]
$PSI2$	exog	[PM/PMP]
$PW\$$	L-5	World price index, $/2000$. [See below]
PX	11	Export price index, 2000 = 1.0. [IFS74/100. If no IFS74 data for t, then $PX_t = PX\$_t(E_t/E00_t$, where $PX\$_t$ is defined next.]

Table B.2 (continued)

Variable	Eq. No.	Description
$PX\$$	I-16	Export price index, \$/2000\$, 2000 = 1.0. [$(E00 \cdot PX)/E$. If no IFS74 data at all, then $PX\$_t = PX_{USt}$ for all t. If IFS74 data only from t through $t+h$, then for $i > 0$, $PX\$_{t-i} = PX\$_t(PX_{USt-i}/PX_{USt}$ and $PX\$_{t+h+i} = PX\$_{t+h}(PX_{USt+k+i}/PX_{USt}$.
$PX00$	exog	PX in the NIPA base year divided by PX in 2000.
PY	5	GDP or GNP deflator, equals 1.0 in the NIPA base year. [OECD data or (IFS99B/IFS99B.P]
RB	8	Long term interest rate, percentage points. [IFS61]
RS	7	Three-month interest rate, percentage points. [IFS60 or IFS60B or IFS60C or IFS60L or IFS60P]
S	I-6	Total net goods, services, and transfers in lc. Current account balance. [See Table B.7] (Denoted SZ for countries CO and TH.)
$STAT$	exog	Statistical discrepancy in constant lc. [$Y - C - I - G - EX + IM - V1$]
T	exog	Time trend. [For quarterly data, 1 in 1952.1, 2 in 1952.2, etc.; for annual data, 1 in 1952, 2 in 1953, etc.]
TT	exog	Total net transfers in lc. [See Table B.7]
UR	I-10	Unemployment rate. [$(L1 - J)/L1$]
V	I-5	Stock of inventories, end of period, in constant lc. [$V_{-1} + V1$. Base value of zero was used for the period (quarter or year) prior to the beginning of the data.]
$V1$	I-4	Inventory investment in constant lc. [OECD data or IFS93I/PY]
W	12	Nominal wage rate. [IFS65..C or IFS65A or IFS65EY or IFS65UMC]
X	I-3	Final sales in constant lc. [$Y - V1$] (Denoted XZ for country PE.)
XS	exog	Other goods, services, and income (credit) in 2000 lc. BOP data. [(E(IFS78ADD+IFS78AGD))/PX]
$X00\$$	L-3	Merchandise exports from the trade share matrix in 2000 \$. [See below]
$XX00\$_{ij}$	L-2	Merchandise exports from i to j in 2000\$. [See below]
Y	4	Real GDP or GNP in constant lc. [OECD data or IFS99B.P or IFS99B.R]
YS	exog	Potential value of Y. [From a peak-to-peak interpolation of $\log Y$.]
ZZ	I-12	Demand pressure variable. [$\log Y - \log YS$]

Construction of variables related to the trade share matrix:

The raw data are:

$XX\$_{ij}$	Merchandise exports from i to j in \$, $i, j = 1, ..., 58$ [DOT data. 0 value used if no data]
$X\$_i$	Total merchandise exports (fob) in \$. $i = 1, ..., 39$ [IFS70/E or IFS70D]

The constructed variables are:

$XX\$_{i59} =$	$X\$_i - \sum_{j=1}^{58} XX\$_{ij}, i = 1, ..., 39$
$XX00\$_{ij} =$	$XX\$_{ij}/PX\$_i, i = 1, ..., 39, j = 1, ..., 59$ and $i = 40, ..., 58, j = 1, ..., 58$
$M00\$A_i =$	$\sum_{j=1}^{58} XX00\$_{ji}, i = 1, ..., 58$; $M00\$A_{59} = \sum_{j=1}^{39} XX00\$_{j59}$
$a_{ij} =$	$XX00\$_{ij}/M00\$A_j, i = 1, ..., 39, j = 1, ..., 59$ and $i = 40, ..., 58, j = 1, ..., 58$
$X00\$_i =$	$\sum_{j=1}^{59} XX00\$_{ij}, i = 1, ..., 39$; $X00\$_i = \sum_{j=1}^{58} XX00\$_{ij}, i = 40, ..., 58$
$PMP_i =$	$(E_i/E00_i) \sum_{j=1}^{58} a_{ji} PX\$_j, i = 1, ..., 39$
$PW\$_i =$	$(\sum_{j=1}^{58} PX\$_j X00\$_j)/(\sum_{j=1}^{58} X00\$_j), i = 1, ..., 39$ An element in this summation is skipped if $j = i$. This summation also excludes the oil exporting countries, which are SA, VE, NI, AL, IA, IN, IQ, KU, LI, UA.

- Variables available for trade share only countries are $M00\$A$, $PX\$$, $X00\$$.
- lc = local currency
- IFSxxxxx = variable number xxxxx from the IFS data

Table B.2 (continued)
The EU Variables

Variable	Eq. No.	Description
E	9	Exchange rate, average for the period, euro per \$. [IFSRF]
PY	[ ]	GDP deflator. [$(\sum_{i=1}^{6} PY_i Y_i)/Y_{EU}$, where the summation is for $i =$ GE, AU, FR, IT, NE, FI.]
RB	8	Long term interest rate, percentage points. [IFS61]
RS	7	Three-month interest rate, percentage points. [IFS60]
Y	[ ]	Real GDP in constant euros. [$Y_{GE} + \sum_{i=1}^{5} [Y_i/(E00_i/E00_{GE})]$, where the summation is for $i =$ AU, FR, IT, NE, FI.]
YS	[ ]	Potential value of Y_{EU}. [$YS_{GE} + \sum_{i=1}^{5} [YS_i/(E00_i/E00_{GE})]$, where the summation is for $i =$ AU, FR, IT, NE, FI.]
ZZ	I-18	Demand pressure variable. [$\log Y_{EU} - \log YS_{EU}$]

Table B.3
The Equations for a Given Country

STOCHASTIC EQUATIONS

Eq.	LHS Variable	Explanatory Variables
1	$\log(IM/POP)$	cnst, $\log(IM/POP)_{-1}$, $\log(PY/PM)$, $\log[(C+I+G)/POP]$ [Total Imports (NIPA), constant lc]
2	$\log(C/POP)$	cnst, $\log(C/POP)_{-1}$, RS or RB, $\log(Y/POP)$ [Consumption, constant lc]
3	$\log I$	cnst, $\log I_{-1}$, $\log Y$, RS or RB [Fixed Investment, constant lc]
4	$\log Y$	$\log Y_{-1}$, $\log X$, $\log V_{-1}$ [Real GDP, constant lc]
5	$\log PY$	cnst, $\log PY_{-1}$, $\log W - \log LAM$, $\log PM$, ZZ, T [GDP Price Deflator, base year = 1.0]
6	$\log[M1/(POP \cdot PY)]$	cnst, $\log[M1/(POP \cdot PY)]_{-1}$ or $\log[M1_{-1}/(POP_{-1}PY)]$, RS, $\log(Y/POP)$ [Money Supply, lc]
7	RS	cnst, RS_{-1}, $100[(PY/PY_{-1})^4 - 1]$, ZZ, RS_{GE}, RS_{US} [Three-Month Interest Rate, percentage points]
8	$RB - RS_{-2}$	cnst, $RB_{-1} - RS_{-2}$, $RS - RS_{-2}$, $RS_{-1} - RS_{-2}$ [Long Term Interest Rate, percentage points]
9	$\Delta \log E$	cnst, $\log(PY/PY_{US} - \log E_{-1}$, $.25 \log[(1 + RS/100)/(1 + RS_{US}/100)]$ [Exchange Rate, lc per \$] [For all countries but AU, FR, IT, NE, ST, UK, FI, BE, DE, NO, SW, GR, IR, PO, and SP]
9	$\Delta \log H$	cnst, $\log(PY/PY_{GE} - \log H_{-1}$, $.25 \log[(1 + RS/100)/(1 + RS_{GE}/100)]$ [Exchange Rate, lc per DM] [For countries AU, FR, IT, NE, ST, UK, FI, BE, DE, NO, SW, GR, IR, PO, and SP]
10	$\log F$	$\log EE$, $.25 \log[(1 + RS/100)/(1 + RS_{US}/100)]$ [Three-Month Forward Rate, lc per \$]
11	$\log PX - \log[PW\$(E/E00)]$	$\log PY - \log[PW\$(E/E00)]$ [Export Price Index, 2000 = 1.0]
12	$\log W - \log LAM$	cnst, $\log W_{-1} - \log LAM_{-1}$, $\log PY$, ZZ, T, $\log PY_{-1}$, [Nominal Wage Rate, base year = 1.0]
13	$\Delta \log J$	cnst, T, $\log(J/JMIN)_{-1}$, $\Delta \log Y$, $\Delta \log Y_{-1}$ [Employment, millions]
14	$\log(L1/POP1)$	cnst, T, $\log(L1/POP1)_{-1}$, $\log(W/PY)$, UR [Labor Force, millions]

Table B.3 (continued)

IDENTITIES

Eq.	LHS Variable	Explanatory Variables
I-1	$M =$	$(IM - IMDS)/PM00 - MS$ [Merchandise Imports, 2000 lc]
I-2	$EX =$	$PX00(E00 \cdot X00\$ + XS) + EXDS$ [Total Exports (NIPA), constant lc]
I-3	$X =$	$C + I + G + EX - IM + STAT$ [Final Sales, constant lc]
I-4	$V1 =$	$Y - X$ [Inventory Investment, constant lc]
I-5	$V =$	$V_{-1} + V1$ [Inventory Stock, constant lc]
I-6	$S =$	$PX(E00 \cdot X00\$ + XS) - PM(M + MS) + TT$ [Current Account Balance, lc]
I-7	$A =$	$A_{-1} + S$ [Net Stock of Foreign Security and Reserve Holdings, lc]
I-8	$M00\$A =$	$M/E00 - M00\$B$ [Merchandise Imports from the Trade Share Calculations, 2000 $]
I-9	$EE =$	$2PSI1 \cdot E - EE_{-1}$ [Exchange Rate, end of period, lc per $]
I-10	$UR =$	$(L1 - J)/L1$ [Unemployment Rate]
I-11	$JMIN =$	Y/LAM [Minimum Required Employment, millions]
I-12	$ZZ =$	$\log Y - \log YS$ [Demand Pressure Variable]
I-13	$PM =$	$PSI2 \cdot PMP$ [Import Price Deflator, 2000 = 1.0]
I-14	E	$E = H \cdot E_{GE}$ [Exchange Rate: lc per $] [Equation relevant for countries AU, FR, IT, NE, ST, UK, FI, BE, DE, NO, SW, GR, IR, PO, and SP only]
I-15	$NW =$	$NW_{-1} + I + V1 + EX - IM$ [National Wealth, constant lc]
I-16	$PX\$ =$	$(E00/E)PX$ [Export Price Index, $/2000$]

• From 1999:1 on for GE: $E_{GE} = E_{EU}$, $RS_{GE} = RS_{EU}$, and $RB_{GE} = RB_{EU}$. From 1999:1 on for an EU country i (except GE): $H_i = 1.0$, $RS_i = RS_{EU}$, and $RB_i = RB_{EU}$.
• $PX\$$ and $M00\$A$ are exogenous for trade share only countries.

Table B.3 (continued)

Equations that Pertain to the Trade and Price Links Among Countries

L-1	$a_{ij} =$	fraction of country i's exports imported by j. Computed from trade share equations [Trade Share Coefficients]
L-2	$XX00\$_{ij} =$	$a_{ij} M00\$A_j, i = 1, ..., 39, j = 1, ..., 59$ and $i = 40, ..., 58, j = 1, ..., 58$ [Merchandise Exports from i to j, 2000\$]
L-3	$X00\$_i =$	$\sum_{j=1}^{59} XX00\$_{ij}, i = 1, ..., 39$
	$X00\$_i =$	$\sum_{j=1}^{58} XX00\$_{ij}, i = 40, ..., 58$ [Total Merchandise Exports, 2000\$]
L-4	$PMP_i =$	$(E_i/E00_i) \sum_{j=1}^{58} a_{ji} PX\$_j, i = 1, ..., 39$ [Import Price Deflator, 2000 = 1.0]
L-5	$PW\$_i =$	$(\sum_{j=1}^{58} PX\$_j X00\$_j) / \sum_{j=1}^{58} X00\$_j), i = 1, ..., 39$ An element in this summation is skipped if $j = i$. This summation also excludes the oil exporting countries, which are SA, VE, NI, AL, IA, IN, IQ, KU, LI, UA. [World Price Index, \$/2000\$]

Trade Share Equations

• For each i, j equation, the left hand side variable is $\log(a_{ijt} + .00001)$. The three right hand side variables are the constant, $\log(a_{ijt-1} + .00001)$, and $PX\$_{it}/(\sum_{k=1}^{58} a_{kjt-1} PX\$_{kt})$, where the summation excludes the oil exporting countries, which are SA, VE, NI, AL, IA, IN, IQ, KU, LI, UA. Also, an element in the summation is skipped if $k = j$.

Linking of the Annual and Quarterly Data

• Quarterly data exist for all the trade share calculations, and all these calculations are quarterly. Feeding into these calculations from the annual models are predicted annual values of $PX\$$, $M00\$A_i$, and E_i. For each of these three variables the predicted value for a given quarter was taken to be the predicted annual value multiplied by the ratio of the actual quarterly value to the actual annual value. This means in effect that the distribution of an annual value into its quarterly values is taken to be exogenous.

• Once the quarterly values have been computed from the trade share calculations, the annual values of $X00\$_i$ that are needed for the annual models are taken to be the sums of the quarterly values. Similarly, the annual values of PMP_i and $PW\$_i$ are taken to be the averages of the quarterly values.

Table B.4
Coefficient Estimates and Test Results
for the ROW Equations

See Chapter 1 for discussion of the tests.
See Chapter 2 for discussion of the equations.
* = significant at the 99 percent confidence level.
ρ = first order autoregressive coefficient of the error term.
† = variable is lagged one period.
Dummy variable coefficient estimates are not shown for GE and EU.
t-statistics are in parentheses.

Table B1: Coefficient Estimates for Equation 1

$$\log(IM/POP) = a_1 + a_2 \log(IM/POP)_{-1} + a_3 \log(PY/PM) + a_4 \log[(C+I+G)/POP)]$$

	a_1	a_2	a_3	a_4	ρ	SE	DW
Quarterly							
CA	-0.106	0.961	0.085	0.047	0.211	0.0282	2.02
	(-0.36)	(40.32)	(2.35)	(0.92)	(2.64)	1966.1–2008.3	
JA	-0.260	0.946		0.074	0.257	0.0300	2.16
	(-1.41)	(40.23)		(1.78)	(3.21)	1966.1–2008.3	
AU	-0.791	0.932		0.153		0.0289	2.06
	(-2.25)	(35.92)		(2.43)		1970.1–2008.2	
FR	-0.670	0.901	0.088	0.161		0.0205	1.30
	(-2.50)	(33.84)	(4.48)	(3.11)		1971.1–2008.2	
GE	-0.168	0.988	0.013	0.031		0.0218	2.12
	(-0.77)	(72.89)	(0.99)	(0.87)		1971.1–2008.2	
IT	-0.761	0.907	0.046	0.167		0.0345	2.05
	(-2.03)	(28.66)	(2.60)	(2.43)		1971.1–2008.1	
NE	-1.610	0.892	0.037	0.289		0.0188	1.95
	(-2.49)	(23.78)	(1.70)	(2.67)		1978.1–2007.4	
ST	-0.312	0.957		0.152		0.0261	2.17
	(-1.02)	(22.57)		(1.05)		1982.1–2008.2	
UK	-2.226	0.768	0.043	0.460		0.0290	1.81
	(-3.74)	(13.63)	(2.02)	(3.93)		1970.1–2008.2	
FI	-0.706	0.950		0.126		0.0543	2.69
	(-1.45)	(27.77)		(1.50)		1976.2–2008.2	
AS	-2.940	0.785	0.097	0.495	0.297	0.0357	2.08
	(-3.36)	(11.86)	(2.83)	(3.34)	(2.84)	1968.1–2008.2	
SO	-0.399	0.915		0.118		0.0700	1.90
	(-0.93)	(26.03)		(1.76)		1961.1–2007.3	
KO	-0.627	0.899		0.169		0.0567	2.12
	(-2.85)	(28.09)		(3.09)		1974.1–2008.2	
Annual							
BE	-1.096	0.751	0.271	0.353		0.0424	1.74
	(-0.79)	(5.64)	(3.50)	(1.33)		1962–2007	
DE	-1.091	0.863		0.324		0.0542	2.31
	(-1.28)	(8.63)		(1.36)		1962–2007	
NO	-0.106	0.557	0.200	0.386		0.0484	1.35
	(-0.28)	(4.50)	(2.92)	(2.61)		1962–2007	
GR	-0.833	0.877	0.189	0.200		0.0655	2.00
	(-0.99)	(12.60)	(2.18)	(1.37)		1962–2007	
IR	-1.337	0.845	0.165	0.291		0.0719	1.09
	(-0.83)	(6.81)	(1.51)	(1.05)		1968–2006	
PO	-1.423	0.261	0.496	0.806		0.0716	1.35
	(-2.36)	(2.02)	(5.60)	(4.97)		1962–2007	
SP	-0.840	0.737	0.310	0.317		0.0673	1.22
	(-0.54)	(7.44)	(4.38)	(1.33)		1962–2007	
NZ	-2.972	0.689	0.281	0.565		0.0734	1.93
	(-1.37)	(5.05)	(2.62)	(1.76)		1962–2006	
SA	-0.088	0.702		0.248		0.1580	1.42
	(-0.23)	(6.05)		(1.55)		1970–2007	
CO	-3.373	0.217	0.323	1.038		0.0833	1.25
	(-2.35)	(1.26)	(2.05)	(4.42)		1970–2007	
SY	-4.993	0.252	0.102	1.131		0.1266	1.23
	(-3.83)	(1.78)	(2.66)	(4.84)		1965–2005	
ID	-0.912	0.865		0.383		0.1035	1.75
	(-1.77)	(8.83)		(1.87)		1962–2007	
MA	-2.222	0.737		0.502		0.0911	1.59
	(-2.52)	(8.93)		(2.94)		1972–2007	
PA	-1.002	0.441		0.584		0.0935	1.31
	(-2.83)	(3.47)		(3.72)		1974–2007	

Table B1: Coefficient Estimates for Equation 1

	a_1	a_2	a_3	a_4	ρ	SE	DW
PH	-3.056	0.663	0.121	1.063		0.1598	2.06
	(-2.44)	(6.03)	(0.67)	(2.61)			1962–2007
TH	-1.836	0.776		0.378		0.0989	1.44
	(-2.63)	(9.76)		(2.82)			1962–2007
CH	-1.191	0.457		0.810		0.1021	1.37
	(-3.54)	(3.59)		(3.98)			1984–2007
BR	-1.814	0.895		0.288		0.0891	1.95
	(-0.27)	(6.40)		(0.38)			1995–2007
CE	-1.811	0.510		0.653		0.1006	1.13
	(-2.46)	(3.07)		(2.94)			1979–2007
ME	-2.639	0.819	0.338	0.408		0.1563	1.30
	(-1.63)	(10.44)	(2.26)	(2.04)			1962–2006
PE		0.944		0.051		0.0762	1.29
		(5.95)		(0.41)			1992–2007

Table B1: Test Results for Equation 1

	Lags	$\log PY$	RHO	T	Stability			End Test		overid	
	p-val	p-val	p-val	p-val	AP	df	λ	p-val	End	p-val	df
Quarterly											
CA	0.295	0.434	0.194	0.020	13.30	5	7.477	1.000	1998.4		
JA	0.000		0.000	0.016	17.26	4	7.477	1.000	1998.3		
AU	0.174		0.000	0.000	32.92	3	5.744	1.000	1998.3		
FR	0.000	0.574	0.000	0.275	7.40	4	5.327	1.000	1998.3	0.029	5
GE	0.470	0.058	0.307	0.488	13.88	4	5.327	0.945	1998.4		
IT	0.354	0.533	0.325	0.000	17.74	4	5.385	1.000	1998.3	0.000	5
NE	0.259	0.040	0.277	0.001	2.01	4	2.894	0.745	1998.4		
ST	0.206		0.231	0.016	12.64	3	1.777	0.185	1998.3		
UK	0.163	0.920	0.005	0.108	9.27	4	5.744	0.760	1998.3	0.002	5
FI	0.000		0.000	0.004	32.05	3	3.397	1.000	1998.3		
AS	0.013	0.231	0.012	0.011	8.58	5	6.624	1.000	1998.2	0.004	6
SO	0.723		0.000	0.971	4.50	3	10.623	0.842	1998.3		
KO	0.171		0.225	0.001	12.56	3	4.171	0.410	1998.4		
Annual											
BE	0.182	0.951	0.002	0.001	31.49	4	9.061	0.957	1996	0.001	5
DE	0.059		0.138	0.001	29.78	3	9.061	0.667	1998	0.000	6
NO	0.019	0.000	0.000	0.103	41.69	4	9.061	0.963	1998		
GR	0.225	0.001	0.191	0.000	11.52	4	9.061	0.667	1998	0.036	5
IR	0.042	0.376	0.000	0.076	18.83	4	6.491	0.000	1998		
PO	0.022	0.820	0.077	0.798	4.18	4	9.061	1.000	1995		
SP	0.020	0.616	0.000	0.011	17.78	4	9.061	0.926	1998		
NZ	0.701	0.001	0.000	0.000	20.62	4	9.571	0.964	1998	0.000	5
SA	0.469		0.000	0.000	25.14	3	5.596	0.650	1998		
CO	0.456	0.441	0.000	0.862	9.81	4	5.343	0.842	1998		
SY	0.318	0.149	0.000	0.044	9.29	4	8.438	1.000	1998		
ID	0.497		0.365	0.415	4.86	3	9.061				
MA	0.868		0.194	0.030	8.60	3	4.566	1.000	1998		
PA	0.049		0.000	0.000	6.01	3	3.850	0.000	1998		
PH	0.001	0.000	0.503	0.000	28.29	4	9.061	0.966	1999		
TH	0.229		0.000	0.138	3.02	3	9.061	0.148	1998		
CH	0.019		0.076	0.921							
CE	0.348		0.000	0.007	1.41	3	2.326				
ME	0.000	0.000	0.000	0.000	13.62	4	9.571	1.000	1998		

Table B2: Coefficient Estimates for Equation 2

$$\log(C/POP) = a_1 + a_2 \log(C/POP)_{-1} + a_3 RS + a_4 RB + a_5 \log(Y/POP)$$

	a_1	a_2	a_3	a_4	a_5	ρ	SE	DW
Quarterly								
CA	0.027	0.891		-0.0009†	0.101		0.0077	1.97
	(1.08)	(31.02)		(-3.89)	(3.65)		1966.1–2008.3	
JA	0.090	0.836		-0.0013	0.138	-0.223	0.0086	2.04
	(4.17)	(22.51)		(-4.02)	(3.83)	(-2.91)	1966.1–2008.3	
AU	0.090	0.914	-0.0003		0.071		0.0141	2.48
	(1.76)	(22.46)	(-0.52)		(1.76)		1970.1–2008.2	
FR	0.059	0.917	-0.0005		0.072		0.0061	2.18
	(1.51)	(25.79)	(-2.63)		(1.97)		1971.1–2008.3	
GE	-0.011	0.874		-0.0015	0.120		0.0102	2.11
	(-0.14)	(31.80)		(-2.12)	(3.95)		1971.1–2008.2	
IT	-0.031	0.898	-0.0002		0.100		0.0070	1.61
	(-0.51)	(23.63)	(-1.23)		(2.38)		1971.1–2008.1	
NE	0.218	0.911		-0.0015	0.058		0.0082	2.28
	(2.63)	(32.95)		(-2.06)	(2.61)		1978.1–2008.2	
ST	0.032	0.809		-0.0025	0.147	0.391	0.0030	1.83
	(1.48)	(11.96)		(-3.87)	(2.66)	(3.55)	1982.1–2008.2	
UK	-0.124	0.866		-0.0018	0.143		0.0093	2.22
	(-1.18)	(21.01)		(-4.22)	(2.85)		1970.1–2008.2	
FI	0.043	0.887	-0.0003		0.100		0.0078	1.25
	(1.03)	(24.38)	(-1.13)		(2.87)		1976.2–2008.2	
AS	-0.020	0.918		-0.0002	0.080		0.0071	2.01
	(-0.69)	(36.49)		(-1.09)	(3.17)		1968.1–2008.2	
SO	0.059	0.949	-0.0005†		0.042		0.0201	2.20
	(0.38)	(30.67)	(-1.58)		(1.51)		1961.1–2007.3	
KO	0.155	0.896		-0.0009	0.079		0.0188	1.78
	(2.88)	(16.90)		(-1.52)	(1.61)		1974.1–2008.2	
Annual								
BE	0.084	0.688			0.285		0.0118	1.82
	(1.18)	(8.83)			(3.66)		1962–2007	
DE	0.245	0.569			0.333		0.0220	1.62
	(3.20)	(4.57)			(3.30)		1962–2007	
NO	0.036	0.939			0.050		0.0222	1.51
	(0.70)	(9.67)			(0.64)		1962–2007	
SW	0.332	0.577			0.311		0.0153	1.13
	(3.85)	(6.64)			(4.82)		1965–2007	
GR	0.032	0.899	-0.0018		0.099		0.0197	1.40
	(0.25)	(22.82)	(-3.05)		(2.04)		1962–2007	
IR	1.007	0.772		-0.0050	0.119		0.0223	1.42
	(2.18)	(4.34)		(-2.29)	(0.98)		1968–2006	
PO	0.191	0.625		-0.0019	0.340		0.0353	1.53
	(1.69)	(7.73)		(-1.97)	(4.29)		1962–2007	
SP	0.232	0.626	-0.0016		0.333		0.0126	1.48
	(2.77)	(6.35)	(-2.31)		(3.34)		1962–2007	

Table B2: Coefficient Estimates for Equation 2

	a_1	a_2	a_3	a_4	a_5	ρ	SE	DW
NZ	-0.101	0.620		-0.0030	0.374		0.0181	1.46
	(-0.53)	(5.21)		(-3.39)	(3.35)		1962–2006	
SA	-0.017	0.867			0.098		0.1213	1.86
	(-0.04)	(11.91)			(1.02)		1970–2007	
VE	-0.375	0.718			0.460		0.0759	1.74
	(-2.58)	(9.45)			(3.73)		1962–2007	
CO	1.062	0.391			0.452		0.0202	1.36
	(4.70)	(4.07)			(6.12)		1970–2007	
SY	1.186				0.854		0.0638	1.20
	(2.98)				(22.93)		1965–2005	
ID	0.165	0.248	-0.0013		0.585		0.0273	1.82
	(3.62)	(2.23)	(-0.89)		(7.08)		1962–2007	
MA	0.733	0.307			0.561		0.0412	1.20
	(3.36)	(2.14)			(4.81)		1972–2007	
PA	0.088	0.610			0.332		0.0327	1.29
	(1.04)	(4.55)			(2.83)		1974–2007	
PH	0.036	0.826	-0.0015		0.156		0.0197	1.72
	(0.48)	(13.26)	(-2.27)		(2.91)		1962–2007	
TH	0.670	0.427			0.485		0.0251	1.54
	(6.71)	(5.52)			(7.32)		1962–2007	
CH	-0.186	0.541	-0.0011		0.383		0.0290	1.26
	(-2.71)	(4.94)	(-0.31)		(4.18)		1984–2007	
BR		0.506			0.469		0.0192	0.67
		(3.97)			(3.90)		1995–2007	
CE	0.361	0.497			0.427		0.0399	1.42
	(1.80)	(5.54)			(5.69)		1979–2007	
ME	0.602	0.331			0.590		0.0268	0.56
	(3.01)	(2.97)			(5.78)		1962–2006	
PE		0.794			0.199		0.0199	1.55
		(10.67)			(2.79)		1992–2007	

Table B2: Test Results for Equation 2

	Lags	RHO	T	Leads	Stability			End Test		overid	
	p-val	p-val	p-val	p-val	AP	df	λ	p-val	End	p-val	df
Quarterly											
CA	0.548	0.000	0.002	0.003	25.08	4	7.477	1.000	1998.4		
JA	0.284	0.226	0.872	0.011	5.26	5	7.477	1.000	1998.3	0.002	4
AU	0.001	0.000	0.859	0.672	39.85	4	5.744	1.000	1998.3	0.001	4
FR	0.135	0.033	0.180	0.005	8.56	4	5.271	1.000	1998.3		
GE	0.049	0.000	0.022	0.312	17.61	4	5.327	1.000	1998.4		
IT	0.011	0.002	0.000	0.002	24.48	4	5.385	1.000	1998.3	0.000	4
NE	0.140	0.251	0.000	0.228	4.68	4	2.849	1.000	1998.4	0.003	3
ST	0.357	0.223	0.283	0.402	2.62	5	1.777	1.000	1998.3	0.657	4
UK	0.129	0.368	0.070	0.059	6.33	4	5.744	1.000	1998.3	0.007	3
FI	0.000	0.000	0.000	0.000	48.99	4	3.397	1.000	1998.3	0.000	3
AS	0.834	0.792	0.170	0.623	4.13	4	6.624	1.000	1998.2	0.073	3
SO	0.092	0.164	0.000	0.007	10.89	4	10.623	1.000	1998.3	0.000	4
KO	0.198	0.000	0.001	0.009	10.78	4	4.171	0.377	1998.4	0.000	3
Annual											
BE	0.509	0.510	0.019	0.538	5.29	3	9.061	0.826	1996	0.313	4
DE	0.283	0.006	0.529	0.902	2.72	3	9.061	0.370	1998	0.116	5
NO	0.116	0.075	0.122	0.258	18.45	3	9.061	0.889	1998	0.019	4
SW	0.001	0.000	0.000	0.493	5.61	3	7.552	1.000	1998	0.003	4
GR	0.206	0.010	0.000	0.113	11.42	4	9.061	1.000	1998		
IR	0.017	0.026	0.644	0.815	16.63	4	6.491	0.773	1998	0.095	3
PO	0.068	0.035	0.000	0.161	15.90	4	9.061	1.000	1995	0.007	3
SP	0.061	0.067	0.008	0.889	24.91	4	9.061	1.000	1998	0.230	3
NZ	0.076	0.038	0.700	0.188	11.22	4	9.571	0.893	1998	0.132	3
SA	0.573	0.653	0.796	0.179	0.94	3	5.596	0.850	1998		
VE	0.921	0.033	0.810	0.297	4.02	3	9.061	0.852	1998		
CO	0.065	0.011	0.021	0.196	2.24	3	1.137	0.632	1998		
SY	0.801	0.006	0.720	0.218	2.46	2	8.438	0.423	1998		
ID	0.283	0.003	0.026	0.471	10.41	4	9.061				
MA	0.000	0.006	0.810	0.554	2.35	3	4.566	0.000	1998		
PA	0.094	0.002	0.478	0.590	23.35	3	3.850	0.733	1998		
PH	0.541	0.382	0.005	0.132	7.86	4	9.061	1.000	1999		
TH	0.874	0.000	0.006	0.849	5.31	3	9.061	0.000	1998		
CH	0.029	0.034	0.008	0.035							
CE	0.383	0.000	0.000	0.004	1.94	3	2.326				
ME	0.000	0.000	0.873	0.402	27.65	3	9.571	0.179	1998		

Table B3: Coefficient Estimates for Equation 3

$$\log I = a_1 + a_2 \log I_{-1} + a_3 \log Y + a_4 RS + a_5 RB$$

	a_1	a_2	a_3	a_4	a_5	SE	DW
Quarterly							
CA	-0.172	0.930	0.076		-0.0023†	0.0202	1.42
	(-1.83)	(37.98)	(2.74)		(-3.69)	1966.1–2008.3	
JA	0.341	0.958	0.008		-0.0014	0.0205	1.70
	(3.90)	(45.96)	(0.36)		(-1.42)	1966.1–2008.3	
AU	0.445	0.890	0.057		-0.0053	0.0269	2.45
	(2.85)	(21.49)	(1.43)		(-2.67)	1970.1–2008.2	
FR	0.294	0.956	0.017		-0.0027†	0.0129	1.32
	(3.74)	(57.21)	(1.18)		(-5.56)	1971.1–2008.3	
GE	0.166	0.891	0.085		-0.0023	0.0257	2.32
	(1.02)	(24.35)	(2.41)		(-1.22)	1971.1–2008.2	
IT	0.299	0.892	0.072		-0.0017†	0.0164	1.69
	(2.94)	(32.74)	(3.59)		(-4.01)	1971.1–2008.1	
NE	-0.507	0.595	0.398		-0.0090†	0.0444	2.52
	(-1.20)	(8.35)	(4.85)		(-2.39)	1978.1–2008.2	
UK	-0.183	0.853	0.143		-0.0044†	0.0242	1.97
	(-0.96)	(25.45)	(3.73)		(-3.78)	1970.1–2008.2	
FI	-0.083	0.939	0.060			0.0368	1.91
	(-0.59)	(35.00)	(2.60)			1976.2–2008.2	
AS	-0.160	0.964	0.047		-0.0016	0.0275	1.64
	(-1.35)	(35.00)	(1.46)		(-2.11)	1968.1–2008.2	
SO	-0.173	0.968	0.047		-0.0045†	0.0381	2.30
	(-1.51)	(67.77)	(3.20)		(-4.92)	1961.1–2007.3	
KO	-0.008	0.949	0.048			0.0538	2.15
	(-0.06)	(32.61)	(1.31)			1974.1–2008.2	
Annual							
BE	0.239	0.621	0.321		-0.0177	0.0463	1.91
	(0.94)	(6.54)	(3.58)		(-5.04)	1962–2007	
DE	-0.873	0.626	0.422		-0.0101	0.0588	1.69
	(-2.43)	(6.41)	(3.51)		(-3.64)	1962–2007	
SW	-0.030	0.772	0.188	-0.0061		0.0537	1.10
	(-0.12)	(7.19)	(2.09)	(-2.30)		1965–2007	
GR	-0.122	0.554	0.413	-0.0153		0.0790	1.88
	(-0.35)	(5.46)	(4.04)	(-5.24)		1962–2007	
IR	0.356	0.827	0.128		-0.0075	0.0788	1.54
	(0.79)	(7.57)	(1.11)		(-1.42)	1968–2006	
PO	-0.384	0.559	0.426		-0.0074	0.0621	1.12
	(-1.31)	(4.89)	(3.56)		(-3.26)	1962–2007	
SP	-0.013	0.786	0.200	-0.0093		0.0499	1.16
	(-0.03)	(9.57)	(2.04)	(-4.70)		1962–2007	

Table B3: Coefficient Estimates for Equation 3

$$\log I = a_1 + a_2 \log I_{-1} + a_3 \log Y + a_4 RS + a_5 RB$$

	a_1	a_2	a_3	a_4	a_5	SE	DW
NZ	-2.171	0.622	0.521		-0.0076	0.0711	1.18
	(-2.66)	(4.85)	(2.98)		(-2.33)		1962–2006
ID	-1.686	0.677	0.455			0.0490	1.40
	(-3.51)	(6.38)	(3.29)				1962–2007
PA	-0.507	0.668	0.327			0.0744	1.11
	(-1.53)	(5.84)	(2.65)				1974–2007
CH	-1.349	0.439	0.657	-0.0082		0.0741	0.88
	(-1.84)	(1.94)	(2.42)	(-0.93)			1984–2007

Table B3: Test Results for Equation 3

	Lags	RHO	T	Leads	Stability			End Test		overid	
	p-val	p-val	p-val	p-val	AP	df	λ	p-val	End	p-val	df
Quarterly											
CA	0.000	0.000	0.001	0.033	12.69	4	7.477	1.000	1998.4	0.001	4
JA	0.040	0.000	0.000	0.159	27.76	4	7.477	0.833	1998.3		
AU	0.003	0.002	0.253	0.255	10.74	4	5.744	1.000	1998.3	0.134	4
FR	0.000	0.000	0.543	0.214	12.66	4	5.271	1.000	1998.3	0.039	4
GE	0.020	0.066	0.004	0.302	3.45	4	5.327	1.000	1998.4		
IT	0.051	0.115	0.181	0.763	17.21	4	5.385	0.542	1998.3	0.080	4
NE	0.000	0.000	0.000	0.671	8.54	4	2.849	1.000	1998.4	0.002	4
UK	0.887	0.999	0.003	0.177	4.75	4	5.744	1.000	1998.3	0.051	4
FI	0.920	0.003	0.000	0.000	29.88	3	3.397	1.000	1998.3	0.000	5
AS	0.019	0.017	0.142	0.018	4.79	4	6.624	0.494	1998.2	0.053	4
SO	0.056	0.049	0.000	0.339	7.86	4	10.623	1.000	1998.3	0.010	4
KO	0.406	0.040	0.000	0.189	7.62	3	4.171	1.000	1998.4	0.063	5
Annual											
BE	0.617	0.691	0.035	0.458	6.17	4	9.061	1.000	1996	0.544	4
DE	0.207	0.096	0.000	0.137	15.28	4	9.061	1.000	1998	0.030	4
SW	0.000	0.000	0.259	0.319	9.54	4	7.552	0.750	1998	0.014	4
GR	0.527	0.711	0.069	0.272	21.15	4	9.061	1.000	1998	0.025	4
IR	0.052	0.001	0.000	0.103	8.46	4	6.491	1.000	1998		
PO	0.000	0.001	0.113	0.590	3.74	4	9.061	1.000	1995	0.817	4
SP	0.000	0.001	0.507	0.039	6.39	4	9.061	1.000	1998	0.082	4
NZ	0.000	0.001	0.666	0.227	13.08	4	9.571	1.000	1998	0.187	4
ID	0.054	0.002	0.582	0.549	2.91	3	9.061				
PA	0.000	0.003	0.753	0.950	7.15	3	3.850	0.000	1998		
CH	0.000	0.002	0.121	0.000							

Table B4: Coefficient Estimates for Equation 4

$$\log Y = a_1 + a_2 \log Y_{-1} + a_3 \log X + a_4 \log V_{-1}$$

	a_1	a_2	a_3	a_4	ρ	Implied Values See eq. 2.10 λ	α	β	SE	DW
Quarterly										
JA	0.210	0.208	0.836	-0.0636	0.448	0.792	0.080	0.690	0.0033	2.03
	(10.97)	(8.05)	(32.43)	(-5.55)	(6.19)				1966.1–2008.3	
IT	2.379	0.376	0.679	-0.2489	0.960	0.624	0.399	0.220	0.0044	1.76
	(2.83)	(8.14)	(13.50)	(-5.02)	(44.09)				1971.1–2008.1	
NE	0.372	0.390	0.620	-0.0427		0.610	0.070	0.236	0.0061	1.68
	(3.69)	(10.22)	(16.18)	(-3.10)					1978.1–2008.2	
UK	0.138	0.156	0.857	-0.0248	0.535	0.844	0.029	0.524	0.0051	2.06
	(1.07)	(3.88)	(21.17)	(-1.45)	(6.89)				1970.1–2008.2	
AS	0.296	0.272	0.781	-0.0823	0.360	0.728	0.113	0.642	0.0051	1.82
	(3.57)	(5.72)	(16.12)	(-3.70)	(3.67)				1976.1–2008.2	
Annual										
PA	-0.189	0.115	0.939	-0.0334		0.885	0.038	1.595	0.0041	1.47
	(-2.93)	(2.66)	(24.88)	(-2.85)					1974–2007	

Table B4: Test Results for Equation 4

	Lags	RHO	T	Leads	Stability			End Test	
	p-val	p-val	p-val	p-val	AP	df	λ	p-val	End
Quarterly									
JA	0.063	0.842	0.496	0.131	9.47	5	7.477	0.400	1998.3
IT	0.002	0.050	0.150	0.002	55.06	5	5.385	1.000	1998.3
NE	0.126	0.002	0.093	0.870	11.16	4	2.849	1.000	1998.4
UK	0.608	0.336	0.004	0.001	25.14	5	5.744	1.000	1998.3
AS	0.124	0.959	0.472	0.001	12.02	5	3.479	1.000	1998.2
Annual									
PA	0.047	0.160	0.788	0.130	5.27	4	3.850	0.600	1998

Table B5: Coefficient Estimates for Equation 5

$$\log PY = a_1 + a_2 \log PY_{-1} + a_3 (\log W - \log LAM) + a_4 \log PM + a_5 ZZ + a_6 T$$

	a_1	a_2	a_3	a_4	a_5	a_6	ρ	SE	DW
Quarterly									
CA	0.011	0.969		0.028	0.11494†		0.572	0.0065	2.25
	(0.56)	(48.25)		(1.80)	(2.33)	(-0.03)	(8.67)	1966.1–2008.3	
JA	0.017	0.988		0.006		-0.00010	0.381	0.0082	2.06
	(2.26)	(156.31)		(1.52)		(-2.51)	(5.53)	1966.1–2008.3	
AU	-0.005	0.971		0.019	0.08863†	0.00005	-0.329	0.0083	1.99
	(-0.52)	(106.13)		(2.26)	(2.31)	(0.96)	(-4.25)	1970.1–2008.1	
FR	-0.032	0.842	0.069	0.039	0.01880†	0.00020	0.396	0.0037	1.94
	(-1.17)	(47.35)	(3.50)	(2.96)	(0.42)	(1.40)	(4.96)	1971.1–2008.1	
GE		0.982		0.001	0.10133†	0.00003	-0.092	0.0052	1.49
	(0.01)	(144.55)		(0.41)	(3.25)	(0.71)	(-1.05)	1971.1–2008.2	
IT	0.022	0.962		0.031	0.21617†	-0.00006	0.127	0.0084	2.00
	(1.97)	(179.77)		(6.15)	(4.00)	(-1.01)	(1.54)	1971.1–2008.1	
NE	-0.121	0.865		0.036		0.00066		0.0061	1.47
	(-3.89)	(27.21)		(3.47)		(4.05)		1978.1–2007.4	
ST	0.003	0.984		0.020	0.06865†	0.00001	0.608	0.0027	2.11
	(0.26)	(61.45)		(1.06)	(1.79)	(0.08)	(7.66)	1982.1–2008.2	
UK	1.050	0.803	0.123	0.057	0.05213†	0.00035		0.0101	1.21
	(2.96)	(21.51)	(3.20)	(5.93)	(1.07)	(3.08)		1970.1–2008.2	
FI	0.025	0.983		0.011	0.04672	-0.00009		0.0086	2.22
	(2.03)	(135.39)		(1.47)	(2.57)	(-1.50)		1976.2–2008.2	
AS	0.027	0.986		0.011†	0.20676†	-0.00009	0.461	0.0092	2.20
	(0.89)	(44.67)		(0.77)	(3.18)	(-0.60)	(5.85)	1968.1–2008.2	
SO	-0.052	0.941		0.048		0.00039		0.0173	1.85
	(-1.39)	(95.00)		(5.30)		(2.01)		1961.1–2007.3	
KO	0.203	0.876	0.091			-0.00103		0.0122	1.60
	(4.74)	(51.76)	(5.74)			(-4.60)		1974.1–2008.2	
Annual									
BE	0.110	0.986		0.048	0.42755†	-0.00199		0.0204	0.39
	(2.53)	(24.88)		(1.61)	(1.99)	(-1.82)		1962–2007	
DE	0.088	0.950		0.058		-0.00157		0.0222	0.31
	(1.85)	(19.55)		(1.46)		(-1.30)		1962–2007	
NO	-0.397	0.684		0.203	0.29179†	0.01012		0.0337	1.04
	(-2.15)	(5.74)		(2.67)	(1.14)	(2.36)		1962–2007	
SW	2.151	0.658	0.325	0.088	0.27239†	-0.00184		0.0139	1.55
	(5.38)	(10.44)	(4.85)	(4.82)	(2.83)	(-1.88)		1965–2007	
IR	-0.160	0.737		0.204	0.24802†	0.00489		0.0282	1.53
	(-1.20)	(8.63)		(3.50)	(1.05)	(1.46)		1968–2006	
PO	-0.317	0.719		0.272	0.19324†	0.00902		0.0201	1.53
	(-6.63)	(45.00)		(21.77)	(2.08)	(7.79)		1962–2007	
SP	0.100	0.894		0.153	0.49716†	-0.00088		0.0321	0.55
	(0.96)	(22.23)		(4.87)	(2.12)	(-0.35)		1962–2007	
NZ	-0.042	0.732		0.254	0.20915†	0.00269		0.0343	1.27
	(-0.61)	(17.21)		(7.73)	(1.26)	(1.51)		1962–2006	
CO	0.443	0.749		0.320	0.71604†	-0.00803		0.0338	2.42
	(2.33)	(17.79)		(9.69)	(3.06)	(-1.79)		1970–2007	
JO	0.250	0.962		0.123		-0.00581		0.0397	1.91
	(1.36)	(10.50)		(2.36)		(-1.28)		1978–2004	
SY	-0.087	0.900		0.113		0.00374		0.0665	1.29
	(-0.37)	(17.59)		(3.97)		(0.65)		1965–2005	

Table B5: Coefficient Estimates for Equation 5

	a_1	a_2	a_3	a_4	a_5	a_6	ρ	SE	DW
MA	-0.765	0.361		0.270	0.15002	0.01742		0.0312	1.96
	(-4.90)	(3.07)		(4.71)	(1.54)	(5.14)		1972–2007	
PA	0.623	0.759		0.354		-0.01381		0.0322	1.66
	(1.33)	(9.91)		(4.32)		(-1.25)		1974–2007	
PH	-0.154	0.686		0.263	0.32252†	0.00503		0.0456	1.40
	(-0.71)	(10.37)		(7.17)	(1.54)	(1.00)		1962–2007	
TH	-0.107	0.655		0.187	0.49838†	0.00444		0.0336	1.11
	(-1.15)	(8.43)		(4.33)	(4.23)	(1.92)		1962–2007	
CH	-0.475	0.484		0.290	0.53819	0.01254		0.0297	1.55
	(-3.10)	(5.51)		(6.57)	(2.87)	(3.38)		1984–2007	
CE	-0.227	0.581		0.363	0.73802†	0.00757		0.0481	1.37
	(-1.32)	(6.72)		(4.46)	(2.68)	(1.78)		1979–2007	

Table B5: Test Results for Equation 5

	Lags-1	Lags-2	RHO	Leads	Stability			End Test		overid	
	p-val	p-val	p-val	p-val	AP	df	λ	p-val	End	p-val	df
Quarterly											
CA	0.009	0.000	0.001		17.33	6	7.477	0.207	1998.4		
JA	0.002	0.000	0.000		60.94	5	7.477	1.000	1998.3		
AU	0.051	0.004	0.006		6.00	6	5.808	1.000	1998.3	0.017	6
FR	0.037	0.232	0.957	0.095	11.90	7	5.385	1.000	1998.3	0.161	6
GE	0.001	0.002	0.002		30.51	6	5.327	1.000	1998.4	0.000	6
IT	0.023	0.230	0.729		10.66	6	5.385	1.000	1998.3	0.044	6
NE	0.002	0.017	0.004		22.54	4	2.894	0.979	1998.4	0.000	5
ST	0.504	0.083	0.573		10.76	6	1.777	1.000	1998.3	0.007	6
UK	0.000	0.000	0.000	0.000	39.61	6	5.744	1.000	1998.3	0.000	4
FI	0.808	0.858	0.433		10.66	5	3.397	1.000	1998.3	0.729	4
AS	0.005	9.900	0.000		16.21	6	6.624	1.000	1998.2		
SO	0.016	0.036	0.005		21.43	4	10.623	0.500	1998.3	0.000	5
KO	0.211	0.145	0.152	0.379	2.33	4	4.171	0.639	1998.4	0.233	7
Annual											
BE	0.000	0.000	0.000		97.59	5	9.061	0.957	1996		
DE	0.000	0.000	0.000		98.77	4	9.061	1.000	1998		
NO	0.000	0.000	0.000		9.07	5	9.061	0.111	1998		
SW	0.233	0.023	0.157	0.001	12.86	6	7.552	1.000	1998		
IR	0.029	0.032	0.265		11.19	5	6.491	1.000	1998		
PO	0.158	0.021	0.139		14.98	5	9.061	1.000	1995		
SP	0.000	0.000	0.000		98.21	5	9.061	1.000	1998		
NZ	0.001	0.004	0.013		8.98	5	9.571	0.893	1998		
CO	0.192	0.266	0.235		8.12	5	5.343	1.000	1998		
JO	0.768	0.491	0.956								
SY	0.008	0.026	0.003		20.27	4	8.438	1.000	1998		
MA	0.001	0.000	0.753		21.04	5	4.566	0.941	1998		
PA	0.527	0.489	0.394		9.76	4	3.850	0.133	1998		
PH	0.142	0.017	0.002		28.25	5	9.061	0.966	1999		
TH	0.000	0.011	0.000		77.76	5	9.061	0.630	1998		
CH	0.229	0.000	0.604								
CE	0.160	0.267	0.248		20.83	5	2.326				

Table B6: Coefficient Estimates for Equation 6

$$\log[M1/(POP \cdot PY)] = a_1 + a_2 \log[M1/(POP \cdot PY)]_{-1} + a_3 \log[M1_{-1}/(POP_{-1} \cdot PY)] + a_4 RS + a_5 \log(Y/POP)$$

	a_1	a_2	a_3	a_4	a_5	SE	DW
Quarterly							
CA	-0.269		0.930	-0.0030	0.102	0.0273	2.29
	(-2.52)		(53.54)	(-2.61)	(4.06)		1968.1–2008.2
GE	-0.274	0.978		-0.0030	0.057	0.0191	2.25
	(-1.77)	(97.40)		(-3.58)	(2.15)		1971.1–2008.2
NE	-0.744		0.856	-0.0040	0.238	0.0193	2.14
	(-2.41)		(18.97)	(-3.78)	(2.94)		1978.1–2008.2
ST	0.026	0.917		-0.0099	0.097	0.0275	1.98
	(0.24)	(39.76)		(-5.01)	(1.69)		1982.1–2008.2
UK	0.161	0.975		-0.0030	0.002	0.0144	2.19
	(1.64)	(114.80)		(-5.87)	(0.34)		1970.1–2006.1
FI	-0.331		0.880	-0.0034	0.165	0.0356	2.24
	(-1.35)		(25.94)	(-2.51)	(2.85)		1976.2–2008.2
AS	-0.560		0.951	-0.0032	0.114	0.0250	2.06
	(-3.11)		(59.53)	(-2.85)	(3.28)		1968.1–2008.2
KO	0.118		0.893		0.079	0.0618	2.43
	(1.53)		(19.26)		(1.77)		1974.1–2008.2
Annual							
BE	0.190	0.974		-0.0095	0.010	0.0328	1.84
	(0.61)	(17.99)		(-5.34)	(0.41)		1962–2007
DE	-0.567		0.778	-0.0078	0.298	0.0502	1.94
	(-1.90)		(11.64)	(-2.67)	(2.83)		1962–2007
SW	0.050	0.951		-0.0071	0.046	0.0410	1.85
	(0.27)	(11.75)		(-3.90)	(0.78)		1965–2007
IR	-0.903		0.761	-0.0138	0.315	0.1812	2.14
	(-0.30)		(4.55)	(-0.51)	(0.85)		1983–2006
PO	-0.761	0.848		-0.0019	0.225	0.1310	1.51
	(-1.11)	(10.25)		(-0.62)	(1.61)		1962–2007
SP	0.748		0.787	-0.0023	0.128	0.0433	1.32
	(4.10)		(8.05)	(-1.07)	(1.33)		1962–2007
NZ	0.336		0.797	-0.0043	0.145	0.0690	1.45
	(0.43)		(13.51)	(-1.17)	(2.02)		1962–2006
VE	-1.531	0.612		-0.0050	1.106	0.1773	1.54
	(-3.04)	(5.72)		(-2.87)	(2.98)		1962–2007
ID	-0.594		0.727		0.342	0.0471	1.93
	(-3.00)		(8.06)		(3.44)		1962–2007
PA	-0.213		0.833	-0.0095	0.223	0.0685	1.66
	(-0.68)		(6.86)	(-1.72)	(1.44)		1974–2007
PH	-0.488		0.738	-0.0090	0.283	0.0768	2.19
	(-1.68)		(9.35)	(-2.47)	(3.01)		1962–2007

Table B6: Test Results for Equation 6

	[a]N vs R	Lags	RHO	T	Stability			End Test		overid	
	p-val	p-val	p-val	p-val	AP	df	λ	p-val	End	p-val	df
Quarterly											
CA	0.076	0.327	0.009	0.588	15.17	4	6.624	1.000	1998.4	0.195	5
GE	0.018	0.048	0.166	0.106	8.31	4	5.327	1.000	1998.4	0.492	4
NE	0.686	0.503	0.608	0.015	2.95	4	2.849	0.000	1998.4		
ST	0.362	0.984	0.350	0.229	6.15	4	1.000	0.148	1998.3	0.137	5
UK	0.000	0.077	0.100	0.025	3.87	4	6.435	0.321	1998.3	0.203	4
FI	0.326	0.347	0.000	0.000	18.42	4	3.397	1.000	1998.3	0.010	4
AS	0.554	0.533	0.192	0.473	3.91	4	6.624	0.444	1998.2	0.031	4
KO	0.615	0.006	0.005	0.508	2.49	3	4.171	0.852	1998.4	0.084	5
Annual											
BE	0.987	0.891	0.566	0.932	4.04	4	9.061	0.348	1996		
DE	0.931	0.435	0.889	0.022	2.90	4	5.026	0.519	1998		
SW	0.167	0.941	0.622	0.615	3.04	4	7.552	0.000	1998		
IR	0.634	0.560	0.647	0.578	1.30	4	1.000	0.000	1998		
PO	0.004	0.041	0.080	0.159	36.35	4	9.061	1.000	1995		
SP	0.276	0.044	0.015	0.006	8.48	4	9.061	0.704	1998		
NZ	0.218	0.537	0.000	0.014	7.08	4	6.797	0.929	1998		
VE	0.709	0.415	0.000	0.000	11.64	4	9.061	0.037	1998		
ID	0.881	0.794	0.765	0.328	9.04	3	9.061				
PA	0.512	0.056	0.518	0.714	5.51	4	3.850	0.000	1998		
PH	0.414	0.174	0.425	0.234	3.51	4	9.061	0.345	1999		

Table B7: Coefficient Estimates for Equation 7

$$RS = a_1 + a_2 RS_{-1} + a_3 PCPY + a_4 ZZ + a_5 RS_{GE} + a_6 RS_{US}$$

	a_1	a_2	a_3	a_4	a_5	a_6	ρ	SE	DW
Quarterly									
EU	0.57	0.884	0.051†	28.1		0.06		0.678	1.71
	(3.18)	(28.91)	(2.06)	(4.97)		(2.32)		1972.2–2007.4	
CA	0.07	0.836	0.012	9.2		0.21		0.828	1.70
	(0.40)	(20.43)	(0.43)	(2.50)		(3.65)		1972.2–2008.3	
JA	-0.09	0.817	0.102	5.8		0.11	0.327	0.589	2.04
	(-0.32)	(21.63)	(4.48)	(1.22)		(2.48)	(3.42)	1972.2–2008.3	
AU	0.81	0.839		35.0		0.13		0.709	2.05
	(3.10)	(22.35)		(6.11)		(4.00)		1972.2–1998.4	
FR	-0.06	0.743	0.043	8.5	0.20	0.14		0.864	1.63
	(-0.17)	(17.65)	(1.57)	(0.89)	(4.10)	(2.70)		1972.2–1998.4	
GE	0.66	0.890	0.044†	34.0		0.06		0.770	1.78
	(2.35)	(24.45)	(1.44)	(4.77)		(1.82)		1972.2–1998.4	
IT	1.28	0.819	0.121	22.0			0.337	1.034	1.91
	(2.34)	(17.55)	(4.32)	(2.61)			(3.19)	1972.2–1998.4	
NE	0.04	0.652		23.7	0.24	0.17		0.910	1.88
	(0.13)	(6.75)		(3.46)	(2.44)	(3.72)		1978.1–1998.4	
ST	0.04	0.866	0.204				0.339	0.526	1.92
	(0.30)	(16.05)	(2.37)				(3.13)	1983.1–2008.2	
UK	0.35	0.827	0.035	13.1		0.18		0.902	1.58
	(1.72)	(20.77)	(2.07)	(2.83)		(4.30)		1972.2–2008.2	
FI	0.82	0.949		7.5				1.007	1.79
	(2.23)	(31.94)		(3.34)				1976.2–1998.4	
AS	0.11	0.913	0.015	9.7		0.12		0.968	1.71
	(0.47)	(34.39)	(0.60)	(1.93)		(2.92)		1972.2–2008.2	
SO	0.29	0.905				0.13	0.471	1.036	2.01
	(0.47)	(19.94)				(2.09)	(4.81)	1972.2–2007.3	
Annual									
BE	0.69	0.596	0.039	35.8	0.41			1.488	2.30
	(0.64)	(3.63)	(0.39)	(1.31)	(2.13)			1972–1998	
DE	-0.27	0.609	0.231	15.3	0.49			2.138	2.31
	(-0.29)	(5.74)	(2.00)	(0.92)	(2.74)			1972–2007	
NO	-0.84	0.841		45.3	0.46			1.388	2.48
	(-1.19)	(11.84)		(3.72)	(4.09)			1972–2007	
SW	-0.51	0.765	0.054	7.6		0.35		1.696	2.58
	(-0.67)	(7.00)	(0.47)	(0.58)		(2.58)		1972–2007	
IR	2.62		0.152		0.26	0.74		2.070	1.82
	(2.04)		(2.13)		(1.35)	(3.88)		1972–1998	
PO	-0.34	0.805	0.294	32.0				2.730	1.82
	(-0.25)	(7.81)	(3.59)	(2.16)				1972–1998	
SP	1.83	0.556	0.195			0.21		3.009	2.40
	(0.88)	(3.07)	(1.72)			(0.72)		1972–1998	
NZ	1.60	0.727	0.223	19.7				2.476	2.00
	(1.56)	(7.35)	(3.00)	(1.50)				1972–2006	
ID	3.22	0.636	0.183	21.3				2.332	1.67
	(1.56)	(4.47)	(1.80)	(1.74)				1972–2007	
PA	1.48	0.719	0.130	23.7				1.475	2.22
	(1.41)	(5.75)	(2.60)	(1.52)				1974–2007	
PH	0.88	0.761	0.168	12.8		0.20		2.584	1.63
	(0.53)	(5.75)	(3.11)	(0.86)		(1.02)		1972–2007	

Table B7: Test Results for Equation 7

	Lags	RHO	T	Stability			End Test		overid	
	p-val	p-val	p-val	AP	df	λ	p-val	End	p-val	df
Quarterly										
CA	0.025	0.032	0.100	19.43	5	4.780	1.000	1998.4	0.000	5
JA	0.070	0.383	0.418	8.24	6	4.780	1.000	1998.3	0.062	6
AU	0.078	0.326	0.517	2.12	4	2.696			0.114	6
FR	0.578	0.274	0.065	4.68	6	2.696			0.017	4
GE	0.722	0.223	0.147	6.47	5	2.696			0.002	5
IT	0.403	0.309	0.441	1.43	5	2.696	0.240	1998.3	0.028	7
NE	0.652	0.272	0.000	13.49	5	1.154			0.002	5
ST	0.003	0.975	0.277	1.95	4	1.549	1.000	1998.3	0.290	7
UK	0.880	0.021	0.041	7.18	5	4.828	1.000	1998.3	0.013	5
FI	0.524	0.356	0.596	0.95	3	1.555			0.219	4
AS	0.167	0.048	0.185	5.63	5	4.828	1.000	1998.2	0.000	5
SO	0.508	0.851	0.028	7.27	4	4.986	0.072	1998.3	0.012	6
Annual										
BE	0.022	0.228	0.821	6.84	5	2.469				
DE	0.060	0.206	0.340	5.72	5	4.566	1.000	1998		
NO	0.152	0.141	0.549	7.63	4	4.566	1.000	1998		
SW	0.043	0.033	0.193	5.61	5	4.566	1.000	1998		
IR	0.981	0.996	0.076	5.03	4	2.469				
PO	0.868	0.636	0.031	4.83	4	2.469				
SP	0.575	0.123	0.449	1.98	4	2.469				
NZ	0.794	0.990	0.262	4.11	4	3.254	1.000	1998		
ID	0.159	0.236	0.235	3.08	4	4.566				
PA	0.111	0.403	0.769	6.08	4	3.850	0.267	1998		
PH	0.340	0.266	0.198	11.75	5	4.566	0.895	1999		

Table B8: Coefficient Estimates for Equation 8

$RB - RS_{-2} = a_1 + a_2(RB_{-1} - RS_{-2}) + a_3(RS - RS_{-2}) + a_4(RS_{-1} - RS_{-2})$

	a_1	a_2	a_3	a_4	ρ	SE	DW
Quarterly							
EU	0.065	0.939	0.336	-0.316		0.3763	1.70
	(1.39)	(37.22)	(3.83)	(-2.92)			1970.3–2007.4
CA	0.097	0.918	0.354	-0.308		0.4083	2.00
	(2.19)	(36.26)	(3.17)	(-2.26)			1966.1–2008.3
JA	0.010	0.947	0.274	-0.248		0.3545	1.99
	(0.27)	(27.41)	(1.75)	(-1.09)			1966.1–2008.3
AU	0.065	0.948	0.173	-0.072	0.392	0.2636	1.92
	(0.97)	(30.01)	(1.52)	(-0.84)	(4.16)		1970.1–1998.4
FR	0.071	0.878	0.376	-0.214	0.279	0.4391	2.00
	(0.95)	(14.48)	(2.53)	(-1.44)	(2.12)		1971.1–1998.4
GE	0.107	0.908	0.558	-0.575		0.4518	2.03
	(1.88)	(29.03)	(4.56)	(-3.86)			1971.1–2008.2
IT	-0.059	0.784	0.331	-0.192	0.540	0.4493	1.94
	(-0.63)	(12.08)	(3.34)	(-2.33)	(5.50)		1971.1–1998.4
NE	0.091	0.891	0.357	-0.223		0.4593	1.92
	(1.24)	(20.64)	(3.15)	(-2.11)			1978.1–1998.4
ST	0.029	0.963	0.306	-0.271		0.2671	1.76
	(0.83)	(39.96)	(2.93)	(-1.89)			1982.1–2008.2
UK	0.015	0.964	0.427	-0.467		0.4852	1.61
	(0.31)	(34.67)	(2.23)	(-2.02)			1970.1–2008.2
AS	0.083	0.912	0.568	-0.608		0.5699	1.98
	(1.39)	(21.24)	(3.34)	(-3.23)			1968.1–2008.2
SO	0.121	0.937	0.691	-0.941		0.5894	1.87
	(1.67)	(28.13)	(2.69)	(-2.67)			1961.1–2007.3
KO	0.139	0.908	0.408	-0.177		1.0594	2.06
	(1.05)	(20.24)	(2.56)	(-0.94)			1974.1–2008.2
Annual							
BE	0.509	0.753	0.378			0.6957	1.43
	(2.05)	(7.89)	(5.64)				1962–1998
DE	0.383	0.724	0.420			1.1445	1.72
	(1.66)	(6.85)	(5.08)				1962–2007
NO	0.008	0.853	0.455			0.6541	1.76
	(0.08)	(9.01)	(6.52)				1962–2007
IR	0.466	0.540	0.479			1.2546	1.46
	(1.72)	(4.04)	(5.71)				1968–1998
PO	0.064	0.785	0.385			1.2897	1.69
	(0.30)	(8.99)	(5.16)				1962–1998
NZ	-0.182	0.777	0.368			0.9417	2.42
	(-1.10)	(8.13)	(5.59)				1962–2006
TH	-0.004	0.827	0.342			1.0838	2.23
	(-0.02)	(10.21)	(5.15)				1978–2007

Table B8: Test Results for Equation 8

	[a]Restr.	Lags	RHO	T	Leads	Stability			End Test		overid	
	p-val	p-val	p-val	p-val	p-val	AP	df	λ	p-val	End	p-val	df
Quarterly												
CA	0.056	0.125	0.817	0.330	0.071	3.85	4	7.477	1.000	1998.4	0.078	5
JA	0.050	0.163	0.528	0.678	0.056	3.79	4	7.477	0.867	1998.3	0.204	5
AU	0.381	0.084	0.947	0.037	0.225	2.23	5	3.475			0.021	6
FR	0.470	0.597	0.936	0.243	0.444	3.37	5	3.117			0.643	6
GE	0.584	0.005	0.020	0.311	0.672	3.57	4	5.327	1.000	1998.4	0.075	5
IT	0.744	0.925	0.610	0.579	0.741	8.09	5	3.117			0.981	6
NE	0.493	0.367	0.138	0.766	0.462	2.73	4	1.154			0.371	5
ST	0.001	0.000	0.108	0.551	0.005	5.11	4	1.777	0.222	1998.3	0.000	5
UK	0.864	0.431	0.036	0.030	0.890	5.29	4	5.744	1.000	1998.3	0.001	5
AS	0.374	0.200	0.820	0.080	0.400	6.68	4	6.624	1.000	1998.2	0.095	5
SO	0.242	0.007	0.031	0.018	0.217	4.89	4	10.623	0.404	1998.3	0.026	5
KO	0.502	0.622	0.511	0.041	9.900	3.97	4	4.171	1.000	1998.4	0.013	5
Annual												
BE	0.372	0.158	0.030	0.002	0.499	12.00	3	24.156				
DE	0.982	0.790	0.257	0.037	0.621	7.60	3	9.061	1.000	1998		
NO	0.070	0.086	0.390	0.170	0.935	4.39	3	9.061	0.778	1998		
IR	0.570	0.561	0.019	0.000	0.689	10.11	3	3.812				
PO	0.002	0.002	0.156	0.004	0.117	7.87	3	6.370				
NZ	0.137	0.000	0.003	0.631	0.439	1.99	3	3.591	0.786	1998		
TH	0.068	0.378	0.511	0.760	0.662	5.18	3	2.600	1.000	1998		

Table B9: Coefficient Estimates for Equation 9

$$\Delta \log E = a_1 + \lambda[\log(PY/PY_{US}) - \log E_{-1}] + .25\lambda\beta \log[(1 + RS/100)/(1 + RS_{US}/100)]$$

or

$$\Delta \log H = a_1 + \lambda[\log(PY/PY_{GE}) - \log H_{-1}] + .25\lambda\beta \log[(1 + RS/100)/(1 + RS_{GE}/100)]$$

	a_1	λ	$\lambda\beta$	ρ	SE	DW
Quarterly						
EU	-0.017	0.077	-2.088	0.287	0.0464	1.99
	(-2.43)	(2.11)	(-1.88)	(3.07)	1972.2–2007.4	
CA	0.016	0.050	-0.846	0.360	0.0206	1.99
	(4.44)		(-1.11)	(4.58)	1972.2–2008.3	
JA	-0.113	0.050	-1.427	0.302	0.0478	1.93
	(-15.89)		(-1.48)	(3.68)	1972.2–2008.3	
AU	0.002	0.050		0.498	0.0044	2.14
	(2.82)			(6.03)	1972.2–1998.4	
FR	0.003	0.190		0.220	0.0198	2.04
	(1.24)	(3.47)		(1.94)	1972.2–1998.4	
GE	-0.018	0.088	-1.744	0.301	0.0489	1.98
	(-2.05)	(2.00)	(-1.37)	(2.77)	1972.2–1998.4	
IT	0.021	0.050		0.338	0.0333	1.95
	(4.23)			(3.68)	1972.2–1998.4	
NE	0.002	0.050	-0.698		0.0049	1.36
	(3.71)		(-3.12)		1978.1–1998.4	
ST	-0.739	0.115			0.0164	1.76
	(-2.67)	(2.67)			1982.1–2008.2	
UK	0.003	0.050	-0.503		0.0412	1.37
	(0.46)		(-0.80)		1972.2–2008.2	
FI	0.010	0.087	-0.553	0.419	0.0290	2.03
	(0.93)	(1.29)	(-0.49)	(3.18)	1976.2–1998.4	
AS	0.031	0.060		0.305	0.0390	2.02
	(1.77)	(1.74)		(3.36)	1972.2–2008.2	
KO	0.015	0.060		0.342	0.0451	1.91
	(2.03)	(1.72)		(3.74)	1974.1–2008.2	
Annual						
BE	0.012	0.175			0.0288	1.38
	(2.09)	(2.07)			1972–1998	
DE	-0.542	0.114			0.0262	0.93
	(-1.30)	(1.33)			1972–2007	
NO	-0.275	0.062			0.0497	1.56
	(-0.91)	(0.98)			1972–2007	
SW	-1.525	0.323			0.0586	1.93
	(-3.47)	(3.55)			1972–2007	
GR	0.118	0.266			0.0675	0.97
	(7.69)	(1.63)			1972–2000	
IR	0.061	0.119			0.0623	0.98
	(2.94)	(0.93)			1972–1998	

Table B9: Coefficient Estimates for Equation 9

	a_1	λ	$\lambda\beta$	ρ	SE	DW
PO	0.142	0.313			0.0959	0.57
	(3.57)	(1.36)				1972–1998
SP	0.064	0.163			0.0723	1.27
	(3.87)	(1.13)				1972–1998
NZ	0.127	0.142	-2.889		0.1057	0.97
	(1.60)	(1.09)	(-1.42)			1972–2006
PH	-1.061	0.347			0.0947	1.10
	(-2.78)	(2.92)				1972–2007

Table B9: Test Results for Equation 9

	[a]Restr.	Lags	RHO	T	Stability			End Test		overid	
	p-val	p-val	p-val	p-val	AP	df	λ	p-val	End	p-val	df
Quarterly											
CA	0.825	0.994	0.942	0.251	0.88	3	4.780	0.000	1998.4	0.143	7
JA	0.171	0.798	0.246	0.130	3.96	3	4.780	0.938	1998.3	0.045	7
AU	0.002	0.025	0.136	0.001	4.60	2	2.696			0.002	7
FR	0.360	0.551	0.489	0.777	1.77	3	2.696			0.645	6
GE	0.972	0.649	0.941	0.883	4.24	4	2.696			0.257	6
IT	0.001	0.940	0.532	0.003	4.50	2	2.696			0.099	7
NE	0.139	0.256	0.001	0.000	9.86	2	1.154			0.005	7
ST	0.289	0.109	0.105	0.167	3.29	2	1.777	1.000	1998.3	0.349	6
UK	0.000	0.000	0.000	0.000	8.70	2	4.828	1.000	1998.3	0.000	7
FI	0.158	0.732	0.601	0.285	0.34	4	1.555			0.020	6
AS	0.886	0.456	0.455	0.501	2.47	3	4.828	0.641	1998.2	0.297	6
KO	0.011	0.383	0.134	0.025	14.76	3	4.171	0.197	1998.4	0.389	6
Annual											
BE	0.990	0.124	0.118	0.876	25.85	2	2.469				
DE	0.000	0.000	0.000	0.000	21.54	2	4.566	0.882	1998		
NO	0.109	0.144	0.207	0.098	1.87	2	4.566	0.882	1998		
SW	0.398	0.532	0.811	0.293	3.46	2	4.566	1.000	1998		
GR	0.002	0.003	0.000	0.000	11.45	2	7.528	0.125	1998		
IR	0.000	0.001	0.000	0.000	5.75	2	2.469				
PO	0.023	0.000	0.000	0.004	9.11	2	2.469				
SP	0.002	0.052	0.002	0.006	4.46	2	2.469	0.500	1998		
NZ	0.385	0.000	0.000	0.177	6.34	3	4.768	0.278	1998		
PH	0.451	0.006	0.000	0.564	2.90	2	4.566	0.789	1999		

Table B10: Coefficient Estimates for Equation 10

$\log F = a_1 \log EE + a_2(.25)\log[(1 + RS/100)/(1 + RS_{US}/100)]$

	a_1	a_2	ρ	SE	DW
Quarterly					
CA	0.9824	1.761	0.793	0.0096	2.28
	(49.23)	(3.68)	(11.64)		1972.2–1997.3
JA	1.0010	1.185	0.358	0.0087	1.84
	(1304.37)	(6.87)	(4.45)		1972.2–2006.3
AU	0.9930	1.049	0.250	0.0058	2.10
	(299.71)	(8.25)	(2.60)		1972.2–1998.4
FR	1.0076	0.644		0.0071	1.54
	(333.90)	(4.78)			1972.2–1989.3
GE	0.9960	1.198	0.720	0.0032	2.21
	(250.42)	(10.89)	(10.67)		1972.2–1998.4
IT	0.9967	1.057		0.0105	1.74
	(257.91)	(8.62)			1976.3–1998.4
NE	0.9955	1.472		0.0097	2.03
	(123.29)	(4.84)			1978.1–1990.4
ST	1.0001	1.143		0.0029	2.04
	(17447.03)	(24.01)			1982.1–2007.2
UK	1.0028	1.246	0.199	0.0049	2.01
	(743.06)	(12.21)	(2.32)		1972.2–2006.3
FI	0.9942	1.211	0.676	0.0071	2.63
	(103.38)	(4.80)	(6.79)		1976.2–1989.3
AS	1.0027	1.249		0.0066	2.01
	(441.27)	(15.57)			1976.1–2006.4

Table B11: Coefficient Estimates for Equation 11

$\log PX - \log[PW\$(E/E00)] = \lambda[\log PY - \log[PW\$(E/E00)]$

	λ	ρ_1	ρ_2	SE	DW
Quarterly					
CA	0.654	1.220	-0.240	0.0160	2.05
	(14.42)	(16.14)	(-3.19)		1966.1–2007.4
JA	0.423	1.295	-0.305	0.0136	1.93
	(15.56)	(17.34)	(-4.14)		1966.1–2007.4
AU	0.837	0.715	0.268	0.0108	2.05
	(30.48)	(9.01)	(3.43)		1970.1–2007.4
FR	0.729	1.233	-0.239	0.0081	2.01
	(31.48)	(15.15)	(-2.96)		1971.1–2007.4
GE	0.823	1.179	-0.188	0.0073	1.84
	(42.53)	(14.33)	(-2.30)		1971.1–2007.4
IT	0.618	0.849	0.145	0.0164	1.91
	(15.71)	(10.27)	(1.73)		1971.1–2007.4
NE	0.514	0.808	0.170	0.0279	2.03
	(6.43)	(8.76)	(1.85)		1978.1–2007.4
ST	0.831	0.706	0.241	0.0107	2.03
	(27.90)	(7.04)	(2.44)		1982.1–2007.4
UK	0.710	1.032	-0.038	0.0201	1.98
	(15.19)	(12.50)	(-0.46)		1970.1–2007.4
FI	0.669	0.949	0.035	0.0175	2.00
	(13.64)	(10.68)	(0.39)		1976.2–2007.4
AS	0.572	1.275	-0.284	0.0263	1.99
	(10.29)	(16.61)	(-3.71)		1968.1–2007.4
SO	0.512	0.831	0.139	0.0526	2.03
	(6.48)	(11.33)	(1.89)		1961.1–2007.3
KO	0.856	1.130	-0.147	0.0288	1.93
	(14.63)	(12.43)	(-1.65)		1974.1–2007.4
Annual					
BE	0.521	1.034	-0.121	0.0197	1.86
	(11.03)	(6.22)	(-0.76)		1962–2007
DE	0.612	1.041	-0.094	0.0176	1.92
	(13.60)	(6.82)	(-0.65)		1962–2007
SW	0.500	1.172	-0.301	0.0320	1.74
	(6.32)	(7.56)	(-2.03)		1965–2007
IR	0.508	1.254	-0.273	0.0298	1.99
	(6.98)	(7.65)	(-1.69)		1968–2006
SP	0.550	1.079	-0.115	0.0355	1.68
	(7.08)	(7.14)	(-0.79)		1962–2007

Table B11: Coefficient Estimates for Equation 11

	λ	ρ_1	ρ_2	SE	DW
NZ	0.483	1.029	-0.147	0.0681	1.83
	(3.29)	(6.71)	(-1.00)		1962–2006
CO	0.819	1.030	-0.086	0.1234	1.98
	(3.14)	(5.88)	(-0.51)		1970–2007
JO	0.250	1.034	-0.362	0.0564	2.04
	(1.37)	(5.16)	(-1.93)		1978–2004
ID	0.602	0.773	-0.264	0.0528	1.97
	(13.50)	(5.28)	(-1.73)		1962–2007
MA	0.910	0.950	0.014	0.1127	1.90
	(3.44)	(5.19)	(0.07)		1972–2007
PA	0.165	0.881	-0.038	0.0676	2.14
	(0.89)	(5.68)	(-0.24)		1974–2007
TH	0.383	1.006	-0.305	0.0607	1.79
	(2.29)	(6.69)	(-2.09)		1962–2007
CH	0.246	1.215	-0.315	0.0346	1.85
	(3.45)	(5.78)	(-1.49)		1984–2007
ME	0.154	1.290	-0.522	0.0309	2.17
	(5.03)	(9.55)	(-3.84)		1962–2006

Table B11: Test Results for Equation 11

	[a]Restr.	Stability			End Test	
	p-val	AP	df	λ	p-val	End
Quarterly						
CA	0.019	1.79	3	4.147	0.424	1998.4
JA	0.000	1.72	3	7.757	1.000	1998.3
AU	0.000	5.78	3	5.875	1.000	1998.3
FR	0.000	15.13	3	5.445	1.000	1998.3
GE	0.000	5.62	3	5.445	1.000	1998.4
IT	0.027	7.19	3	5.445	1.000	1998.3
NE	0.001	8.91	3	2.894	0.000	1998.4
ST	0.678	0.83	3	1.794	0.000	1998.3
UK	0.507	3.11	3	6.967	1.000	1998.3
FI	0.000	6.84	3	3.457	0.000	1998.3
AS	0.013	2.37	3	6.783	0.309	1998.2
SO	0.344	0.90	3	10.623	1.000	1998.3
KO	0.000	22.00	3	4.254	0.164	1998.4
Annual						
BE	0.000	6.12	3	9.061	0.304	1996
DE	0.456	2.73	3	9.061	0.852	1998
SW	0.000	16.80	3	7.552	0.917	1998
IR	0.928	-0.98	3	6.491	0.455	1998
SP	0.007	1.60	3	9.061	1.000	1998
NZ	0.000	5.92	3	9.571	0.857	1998
CO	0.067	1.91	3	5.343	1.000	1998
JO	0.005					
ID	0.086	1.71	3	9.061		
MA	0.004	3.10	3	4.566	1.000	1998
PA	0.125	4.75	3	3.850	0.933	1998
TH	0.084	4.57	3	9.061	1.000	1998
CH	0.032					
ME	0.629	1.18	3	9.571	0.714	1998

Table B12: Coefficient Estimates for Equation 12

$$\log W - \log LAM = a_1 + a_2(\log W_{-1} - \log LAM_{-1}) + a_3 \log PY + a_4 ZZ + a_5 T + a_6 \log PY_{-1}$$

	a_1	a_2	a_3	a_4	a_5	ρ	a_6	SE	DW
Quarterly									
FR	0.017	1.048	0.708		-0.00006		-0.783	0.0070	1.77
	(1.04)	(20.95)	(3.44)		(-0.79)				1971.1–2008.1
UK	-1.014	0.889	0.928		0.00003		-0.824	0.0098	1.98
	(-3.18)	(25.52)	(21.41)		(0.72)				1970.1–2008.2
KO	-0.319	0.869	1.492		0.00171		-1.343	0.0303	1.93
	(-1.70)	(10.79)	(1.88)		(1.80)				1974.1–2008.2
Annual									
SW	-2.523	0.572	0.667	0.27929	-0.00409		-0.245	0.0215	1.96
	(-3.84)	(5.16)	(5.80)	(2.13)	(-3.88)				1965–2007

Table B12: Test Results for Equation 12

	[a]Restr.	Lags	RHO	Stability			End Test		overid	
	p-val	p-val	p-val	AP	df	λ	p-val	End	p-val	df
Quarterly										
FR	0.007	0.005	0.018	8.89	4	5.385	1.000	1998.3	0.021	4
UK	0.129	9.900	0.000	7.43	4	5.744	1.000	1998.3	0.088	7
KO	0.603	0.998	0.943	4.83	4	4.171	0.656	1998.4	0.714	5
Annual										
SW	0.532	0.192	0.515	8.45	5	7.552	1.000	1998		

Table B13: Coefficient Estimates for Equation 13

$$\Delta \log J = a_1 + a_2 T + a_3 \log(J/JMIN)_{-1} + a_4 \Delta \log Y + a_5 \Delta \log Y_{-1}$$

	a_1	a_2	a_3	a_4	a_5	ρ	SE	DW
Quarterly								
CA	0.003	-0.00001	-0.159	0.578	0.138		0.0045	1.82
	(2.01)	(-1.25)	(-4.35)	(4.70)	(2.07)		1966.1–2008.3	
JA	0.006	-0.00002	-0.064	0.048			0.0033	2.10
	(3.09)	(-2.20)	(-3.69)	(0.71)			1966.1–2008.3	
FR		0.00004	-0.386			0.224	0.0082	1.91
	(-0.03)	(1.27)	(-3.17)			(1.41)	1979.1–2008.2	
GE	-0.005	0.00003	-0.292	0.593			0.0051	1.87
	(-3.02)	(2.81)	(-4.70)	(3.83)			1971.1–2008.2	
IT	0.002	0.00001	-0.121	0.099			0.0051	2.02
	(0.75)	(0.64)	(-4.26)	(1.10)			1971.1–2008.1	
ST	0.006	-0.00003	-0.131	0.486			0.0040	1.72
	(2.31)	(-1.76)	(-3.34)	(3.88)			1982.1–2008.2	
UK	0.005	-0.00001	-0.185	0.127		0.526	0.0035	2.25
	(2.08)	(-0.82)	(-5.33)	(4.30)		(7.10)	1970.1–2008.2	
FI	0.060	-0.00031	-0.313	0.466			0.0229	1.99
	(3.61)	(-3.49)	(-4.94)	(1.46)			1976.2–2008.2	
AS	0.010	-0.00002	-0.220	0.100		0.309	0.0048	2.13
	(4.76)	(-1.47)	(-5.90)	(2.76)		(3.67)	1968.1–2008.2	
Annual								
BE	-0.025	0.00064	-0.195	0.454			0.0108	1.66
	(-4.08)	(4.22)	(-1.57)	(4.59)			1962–2007	
DE	0.009	-0.00040	-0.347	0.431			0.0127	1.53
	(1.45)	(-2.14)	(-3.15)	(4.37)			1962–2007	
NO	-0.012	0.00030	-0.351	0.474			0.0115	0.90
	(-1.86)	(2.14)	(-3.48)	(3.89)			1962–2007	
SW	-0.006	0.00006	-0.166	0.503			0.0140	0.88
	(-0.86)	(0.34)	(-1.57)	(3.84)			1965–2007	
IR	-0.047	0.00161	-0.460	0.519			0.0138	1.81
	(-6.27)	(5.82)	(-3.48)	(5.77)			1968–2006	

Table B13: Test Results for Equation 13

	Lags	RHO	Leads	Stability			End Test		overid	
	p-val	p-val	p-val	AP	df	λ	p-val	End	p-val	df
Quarterly										
CA	0.082	0.224	0.751	10.73	5	7.477	0.826	1998.4	0.310	5
JA	0.110	0.079	0.165	7.86	4	7.477	0.844	1998.3	0.001	6
FR	0.002	0.120	0.130	3.19	4	2.540	1.000	1998.3		
GE	0.203	0.211	0.017	3.10	4	5.327	0.699	1998.4	0.204	6
IT	0.001	0.288	0.611	5.81	4	5.385	0.903	1998.3	0.320	6
ST	0.031	0.000	0.006	20.77	4	1.777	1.000	1998.3	0.000	6
UK	0.002	0.003	0.003	9.51	5	5.744	0.000	1998.3		
FI	0.051	0.005	0.257	6.19	4	3.397	1.000	1998.3	0.003	7
AS	0.016	0.002	0.004	7.44	5	6.624	1.000	1998.2		
Annual										
BE	0.108	0.041	0.124	7.87	4	9.061	0.130	1996		
DE	0.014	0.019	0.888	9.83	4	9.061	1.000	1998		
NO	0.000	0.000	0.709	5.33	4	9.061	0.407	1998		
SW	0.000	0.000	0.094	20.14	4	7.552	0.417	1998		
IR	0.963	0.761	0.011	5.30	4	6.491	0.045	1998		

Table B14: Coefficient Estimates for Equation 14

$\log(L1/POP1) = a_1 + a_2 T + a_3 \log(L1/POP1)_{-1} + a_4 \log(W/PY) + a_5 UR$

	a_1	a_2	a_3	a_4	a_5	SE	DW
Quarterly							
CA			0.994		-0.011	0.0038	1.60
	(-0.03)	(-0.28)	(74.47)		(-0.60)		1967.1–2008.3
JA	-0.015	0.00001	0.965		-0.114	0.0032	2.11
	(-1.84)	(0.74)	(49.39)		(-2.39)		1966.1–2008.3
IT	-0.182	0.00011	0.767		-0.106	0.0051	1.99
	(-4.48)	(4.18)	(14.67)		(-2.98)		1971.1–2008.1
ST	-0.010	0.00008	0.994		-0.231	0.0035	1.89
	(-1.43)	(4.06)	(66.77)		(-5.37)		1982.1–2008.2
FI	-0.095	-0.00038	0.602		-0.283	0.0216	1.96
	(-5.15)	(-4.06)	(8.37)		(-3.79)		1976.2–2008.2
AS	-0.065	0.00006	0.877		-0.038	0.0043	1.94
	(-3.36)	(3.40)	(23.98)		(-2.19)		1968.1–2008.2
Annual							
BE	-0.179	0.00028	0.735		-0.033	0.0077	1.75
	(-1.82)	(1.86)	(5.05)		(-0.79)		1971–2006
NO	-0.048	0.00073	0.915		-0.352	0.0119	1.03
	(-1.22)	(1.96)	(14.99)		(-1.96)		1962–2007
SW	-0.001	-0.00025	0.939	0.063	-0.214	0.0074	1.78
	(-0.03)	(-0.74)	(13.96)	(2.26)	(-2.77)		1965–2007
IR	-0.116	0.00097	0.819		-0.180	0.0123	2.61
	(-2.23)	(4.01)	(9.27)		(-2.26)		1968–2006

Table B14: Test Results for Equation 14

	Lags	$\log PY$	RHO	Stability			End Test		overid	
	p-val	p-val	p-val	AP	df	λ	p-val	End	p-val	df
Quarterly										
CA	0.016		0.035	10.37	4	8.018	1.000	1998.4	0.000	5
JA	0.112		0.273	9.83	4	7.477	0.756	1998.3	0.017	5
IT	0.479		0.745	3.57	4	5.385	1.000	1998.3	0.126	5
ST	0.398		0.361	12.33	4	1.777	1.000	1998.3	0.009	5
FI	0.538		0.001	5.70	4	3.397	1.000	1998.3	0.003	5
AS	0.675		0.564	6.84	4	6.624	1.000	1998.2	0.065	5
Annual										
BE	0.513		0.697	4.80	4	4.947	0.000	1996		
NO	0.000		0.000	25.51	4	9.061	0.630	1998		
SW	0.107	0.723	0.723	0.16	0	0.000				
IR	0.031		0.031	8.93	4	6.491	0.409	1998		

Table B.5
Links Between the US and ROW Models

The data on the variables for the United States that are needed when the US model is imbedded in the MCD model were collected as described in Table B.2. These variables are (with the US subscript dropped): $EXDS$, $IMDS$, M, MS, $M00\$A$, $M00\$B$, PM, PMP, $PSI2$, $PW\$$, PX (= $PX\$$), S, TT, XS, and $X00\$$. The PX_{US} variable here is not the same as the PX variable for the United States in Appendix A. The variable here is denoted $USPX$ in the MCD model. The PX variable for the United States is the price deflator of total sales of the firm sector.

Variable	**Determination**
$X00\$_{US}$	Determined in Table B.3
PMP_{US}	Determined in Table B.3
$PW\$_{US}$	Determined in Table B.3
PX_{US}	Determined by an equation that is equivalent to equation 11 for the other countries. See the discussion in Section B.6.
$PEX =$	$DEL3 \cdot PX_{US}$. In the US model by itself, PEX is determined as $PSI1 \cdot PX$, which is equation 32 in Table A.2. This equation is dropped when the US model is linked to the ROW model. $DEL3$ is constructed from the data as PEX/PX_{US} and is taken to be exogenous.
$PM_{US} =$	$PSI2_{US}PMP_{US}$. This is the same as equation I-19 for the other countries.
$PIM =$	$DEL4 \cdot PM_{US}$. PIM is an exogenous variable in the US model by itself. $DEL4$ is constructed from the data as PIM/PM_{US} and is taken to be exogenous.
$EX =$	$(X00\$_{US} + XS_{US} + EXDS_{US})/1000$. This is the same as equation I-2 for the other countries. EX is an exogenous variable in the US model by itself. $EXDS_{US}$ is constructed from the data as $1000EX - X00\$_{US} - XS_{US}$ and is taken to be exogenous.
$M_{US} =$	$1000IM - MS_{US} - IMDS_{US}$. This is the same as equation I-1 for the other countries. $IMDS_{US}$ is constructed from the data as $1000IM - M_{US} - MS_{US}$ and is taken to be exogenous.
$M00\$A_{US} =$	$M_{US} - M00\$B_{US}$. This is the same as equation I-8 for the other countries.
$S_{US} =$	$PX_{US}(X00\$_{US} + XS_{US}) - PM_{US}(M_{US} + MS_{US}) + TT_{US}$. This is the same as equation I-6 for the other countries.

• The new exogenous variables for the US model when it is linked to the ROW model are $DEL3$, $DEL4$, $EXDS_{US}$, $IMDS_{US}$, $M00\$B_{US}$, MS_{US}, $PSI2_{US}$, TT_{US}, and XS_{US}. EX and PIM are exogenous in the US model by itself, but endogenous when the US model is linked to the ROW model.

Table B.6
Construction of the Balance of Payments Data: Data for S and TT

The relevant raw data variables are:

$M\$'$	Goods imports (fob) in \$, BOP data. [IFS78ABD]
$M\$$	Goods imports (fob) in \$. [IFS71V/E]
$X\$'$	Goods exports (fob) in \$, BOP data. [IFS78AAD]
$X\$$	Goods exports (fob) in \$. [IFS70/E]
$MS\$$	Services and income (debit) in \$, BOP data. [IFS78AED + IFS78AHD]
$XS\$$	Services and income (credit) in \$, BOP data. [IFS78ADD + IFS78AGD]
$XT\$$	Current transfers, n.i.e., (credit) in \$, BOP data. [IFS78AJD]
$MT\$$	Current transfers, n.i.e., (debit) in \$, BOP data. [IFS78AKD]

When quarterly data on all the above variables were available, then $S\$$ and $TT\$$ were constructed as:

$$S\$ = \quad X\$' + XS\$ - M\$' - MS\$ + XT\$ - MT\$$$

$$TT\$ = \quad S\$ - X\$ - XS\$ + M\$ + MS\$$$

where $S\$$ is total net goods, services, and transfers in \$ (balance of payments on current account) and $TT\$$ is total net transfers in \$.

When only annual data on $M\$'$ were available and quarterly data were needed, interpolated quarterly data were constructed using $M\$$. Similarly for $MS\$$.

When only annual data on $X\$'$ were available and quarterly data were needed, interpolated quarterly data were constructed using $X\$$. Similarly for $XS\$$, $XT\$$, and $MT\$$.

When no data on $M\$'$ were available, then $M\$'$ was taken to be $\lambda M\$$, where λ is the last observed value of $M\$'/M\$$. Similarly for $MS\$$ (where λ is the last observed annual value of $MS\$/M\$$.)

When no data on $X\$'$ were available, then $X\$'$ was taken to be $\lambda X\$$, where λ is the last observed value of $X\$'/X\$$. Similarly for $XS\$$ (where λ is the last observed annual value of $XS\$/X\$$), for $XT\$$ (where λ is the last observed annual value of $XT\$/X\$$), and for $MT\$$ (where λ is the last observed annual value of $MT\$/X\$$).

The above equations for $S\$$ and $TT\$$ were then used to construct quarterly data for $S\$$ and $TT\$$.

After data on $S\$$ and $TT\$$ were constructed, data on S and TT were constructed as:

$$S = \quad E \cdot S\$$$

$$TT = \quad E \cdot TT\$$$

Note from MS and XS in Table B.2 and from $MS\$$ and $XS\$$ above that

$$MS\$ = \quad (PM \cdot MS)/E$$

$$XS\$ = \quad (PX \cdot XS)/E$$

Note also from Table B.2 that

$$M\$ = \quad (PM \cdot M)/E$$

$$X\$ = \quad (E00 \cdot PX \cdot X00\$)/E$$

Therefore, from the above equations, the equation for S can be written

$$S = \quad PX(E00 \cdot X00\$ + XS) - PM(M + MS) + TT$$

which is equation I-6 in Table B.3.