

1 Data Description

1.1 Nominal Exchange Rate

1.1.1 Data Source

Original Data: Daily foreign exchange rate series from federal reserve historical data. We construct the monthly series by using the last trading day value of the month from Jun., 1979 to Oct., 2009.

<http://www.federalreserve.gov/releases/H10/Hist/default1989.htm> for 1979-1989 data

<http://www.federalreserve.gov/releases/H10/Hist/default1999.htm> for 1990-1999 data

<http://www.federalreserve.gov/releases/H10/Hist/default.htm> for 2000-2009 data

The data are noon buying rates in New York collected by the Federal Reserve Bank of New York from a sample of market participants.

1.2 Price Level

Prices are measured by Consumer Price Indices.

1.2.1 Data Source

Original Data: Monthly series from the “Prices Indices (MEI)” dataset which is a subset of the “Main Economic Indicators (MEI)” database from <http://www.sourceoecd.org>. These indicators are prepared by individual national statistical agencies. Data are available monthly for all the countries from Jun., 1979 to Oct., 2009 and are presented as an index where the year 2005 is the base year.

In order to download the original data source, log into OECD.stat, choose “Monthly Economic Indicators” - “Main Economic Indicators” - “Main Economic Indicators Publication” - “Price Indices”; select “Subject” as “Consumer Price Index > All items > Total > Total”; select “Measure” as “Index 2005=1.00”.

1.3 Nominal Interest Rate

1.3.1 Data Source

Daily data of 1-month annual Eurorates provided by InterCapital from Datastream from Jun., 1979 to Oct., 2009 for all countries. The data are midpoint of the offer and bid rates. We construct the monthly series by using the last trading day of the monthly data. Original data are expressed at annual rates in percent, and we transform the annual rate into monthly rate as follows:

$$i_{mon} = (1 + \frac{i_{year}}{100})^{\frac{1}{12}} - 1$$

1.3.2 Series Code

For monthly data:

ECCAD1M, ECFFR1M, ECWGM1M, ECITL1M, ECJAP1M, ECUKP1M, ECUSD1M.

1.4 G6 Data

1.4.1 Weights

The weight for each of the countries is the sum of the country’s world trade divided by the sum of world trade for all six countries combined. We use the average of the 1978 and 2008 weights. We construct the G6 data index by computing geometric average with trade-share weights from the table.

Table 1: Weights

Country	Weight
Germany	0.2945
Japan	0.1843
France	0.1599
United Kingdom	0.1399
Italy	0.1230
Canada	0.0984

for exchange rate index:

$$S_{G6} = \prod_{i=1}^6 S_i^{weight_i}$$

for price index:

$$P_{G6} = \prod_{i=1}^6 P_i^{weight_i}$$

for nominal interest rate (unit as percentage point):

$$I_{G6} = 100 * (\prod_{i=1}^6 (1 + I_i/100)^{weight_i} - 1)$$