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Guide to Data and Matlab Code

“Understanding European Real Exchange Rates,”

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Raw Data. The raw data were obtained from the Eurostat publications cited in the paper. A professional data-entry firm was employed to convert the data into electronic format. The data are available in 4 Excel spreadsheets and one supplementary spreadsheet with data on VAT rates:

1. `ctz75.xls`
2. `ctz80.xls`
3. `ctz85.xls`
4. `ctz90.xls`
5. `vat.xls`

Matlab Code. The Matlab code runs on Matlab Version 6.5.0.180913a, Release 13.

1. *Table 1.*

- Panel A: refer to the spreadsheets
- Panel B: run `core.m`. If the flag `ir` in the files `fx75.m`, `fx80.m`, `fx85.m` and `fx90.m` is set equal to 1, the code will create some `.mat` files related to nominal exchange rates. To speed things up, after the first time you’ve run the code, set the flag `ir=0` and the nominal exchange rate data will be read in from the `.mat` file instead of the text file.

2. *Table 2.*

- Run `core.m`, setting the year to 85 and the numeraire to 5 (Belgium). The matrix `prices` contains the goods’ prices, in Belgian francs, and the matrix `gds` contains the descriptions of the goods.

3. *Table 3.* Run the code `realfx.m`. It will ask you “which year?” Enter “75,” then “80,” then “85,” then “90.” A table will be generated in the file `junk1.txt`. By setting the flag `ivat=0` you will get Panel A of Table 3. By setting the flag `ivat=1` you will get Panel B of Table 3.

4. *Table 4.* Do the same as the instructions for Table 3, but change the flags for traded/non-traded which are found in the top of the code `realfx.m`. The table which gets created, `junk1.txt`, will have the entries for Table 4 in the rightmost 4 columns.
5. *Table 5.* Run the code `dispersion.m`. It will ask you “which year?” Enter “75,” then “80,” then “85,” then “90.” The variable `mns` will contain the means for Table 5. By changing the flags at the top of `dispersion.m` you can alter the composition of goods to be traded/non-traded and above/below average share of services.
6. *Table 6.* Run the code `regressions.m`. Enter “75,” then “80,” then “85,” then “90.” The table that gets created contains the regression estimates from Table 6. It also generates measures of the economic magnitudes of the coefficient estimates which are discussed in the paper.
7. *Figure 1.* Run the code `plot_densities.m`.
8. *Figure 2.* Run the code `bar_plot_new.m`.
9. *Figure 3.* Run the code `dispersion.m` with the flag `iplot=1`.