



Appendix: Data Sources

The primary source of data used in this study is the IMF's International Financial Statistics. Other sources are also used to serve as supplemented sources. We provide below a description of the series, together with their IFS codes. All the data are available upon request.

- Real output is the manufacturing production index (series 66 ey).
- The consumer price index (*CPI*) is series 64.
- The monetary base (or reserve money) is series 14. Narrow money is series 34 and broad money the sum of serie 34 and 35. Velocity for each monetary indicator is calculated first by transforming the monetary aggregate into an index, and then dividing by the product of the CPI and the real output index, which is used as a proxy for nominal output.
- Private sector credit is series 32d. The real credit variable is obtained by deflating the nominal aggregate by the CPI.
- Government expenditures in nominal terms are obtained from national institution (INS). The expenditure index is derived first by transforming the nominal series into an index. It is divided by the same proxy for nominal output used to derive velocity indicators.
- The trade ratio is measured as the ratio of merchandise exports at current prices (series 70) to merchandise imports at current prices (series 71), with both variables measured in US. dollar terms.
- Trade-weighted measures of nominal and real effective exchange rates are obtained from the IMF's Information Notice System.
- The terms of trade data are measured by the ratio of export unit values (serie 74) to import unit values (series 75).
- World output is proxied by the industrial production index for US. (series 66, code 110). The world real interest rate is proxied by the difference between the nominal Eur-dollar rate in London (series 60d, country code 112), and the rate of inflation in consumer price in US (series 64, code 110).

We performed a set of standard unit root tests, including the ADF test and the Phillips-Perron tests, on our raw data series (all of which were converted into logarithms for the empirical analysis except for the world real interest rate). These tests indicated virtually that the series were non-stationary in levels over the relevant sample period and, therefore, that computing correlations using the raw data would not be appropriate. We also use similar unit root tests to confirm that the cyclical components obtained with the filters employed in this work were indeed stationary.

