

# VOLATILITY FINANCIAL CONDITIONS INDEX (VFCI) AND THE BUSINESS CYCLE

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# OUTLINE

- Replication of “Business Cycle Anatomy”
- Volatility Financial Conditions Index
- Result 1 - Varying VFCI target frequency
- Result 2 - Varying Unemployment and VFCI target frequency
- Result 3

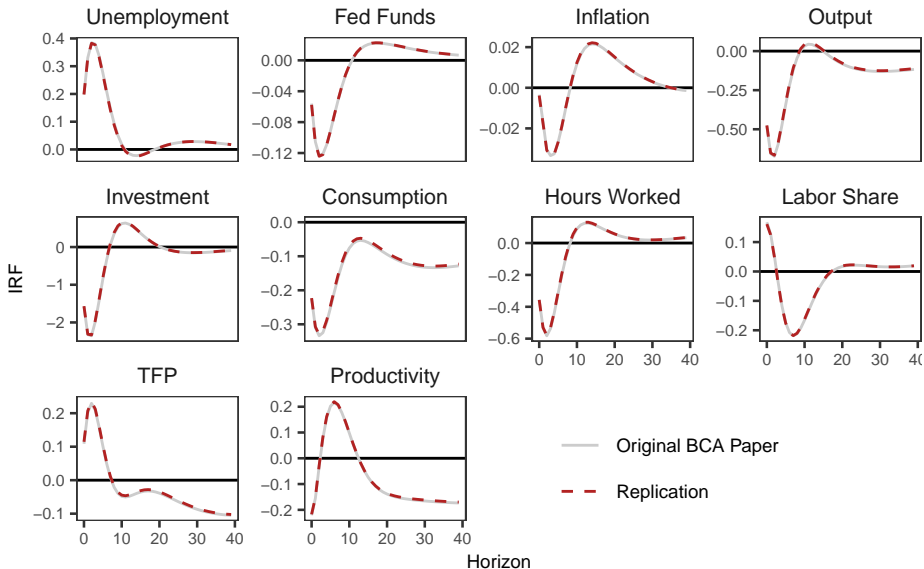
# REPLICATION OF “BUSINESS CYCLE ANATOMY”

Introduce (1) Business Cycle frequency, (2) VAR variables, (3) FEV  
Maximization identification

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# REPLICATION OF “BUSINESS CYCLE ANATOMY”

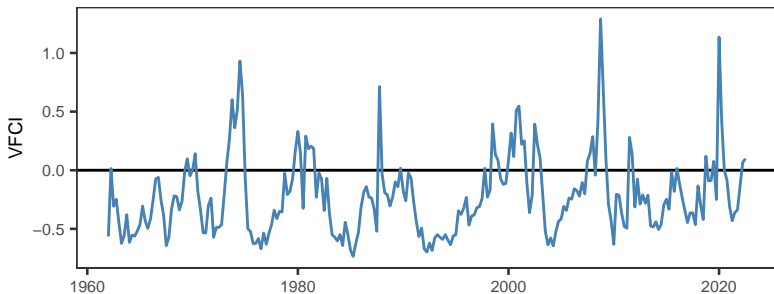


# VOLATILITY FINANCIAL CONDITIONS INDEX

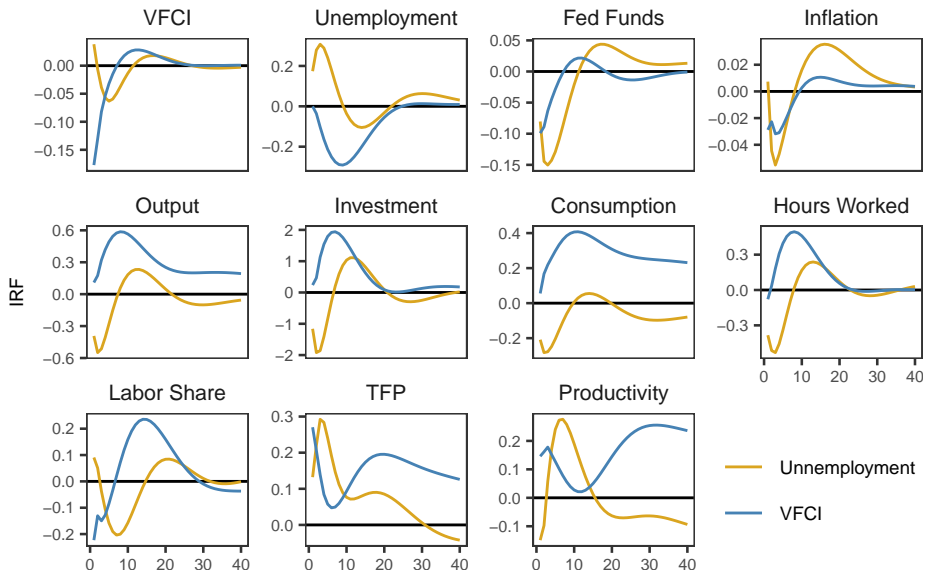
Introduce VFICI data series

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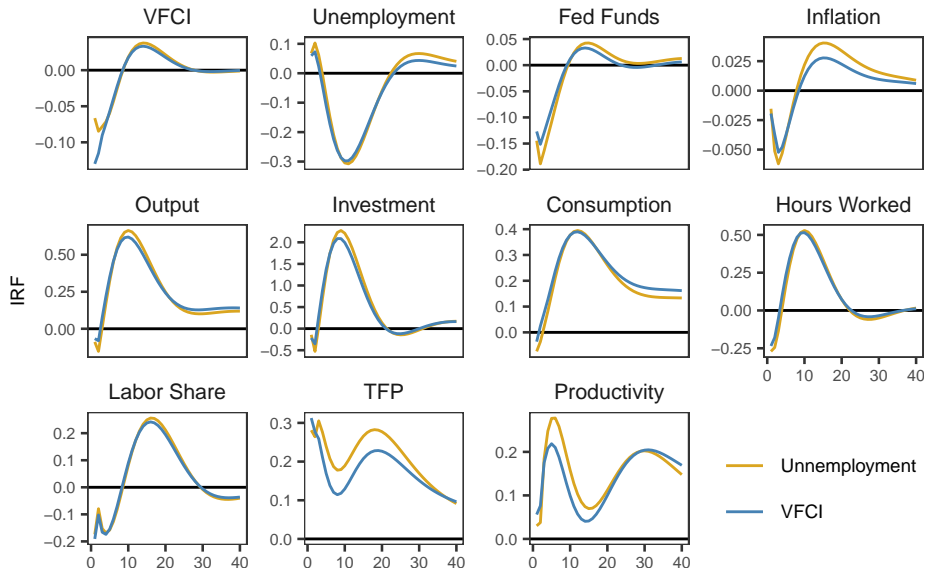
# RESULTS 1 - BOTH TARGET BC (6 - 32 Q)



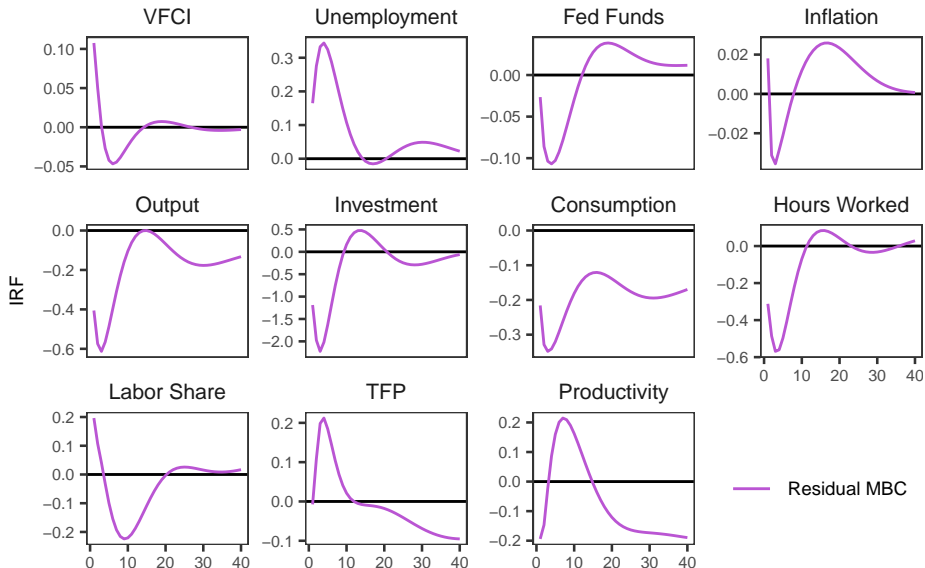
► Differences

► First Differences

## RESULTS 2 - BOTH TARGET 22 - 32 Q

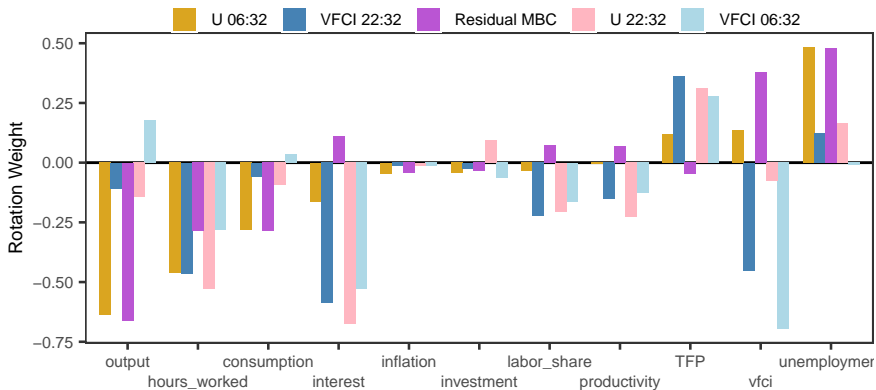


## RESULTS 3 - RESIDUAL OF MBC

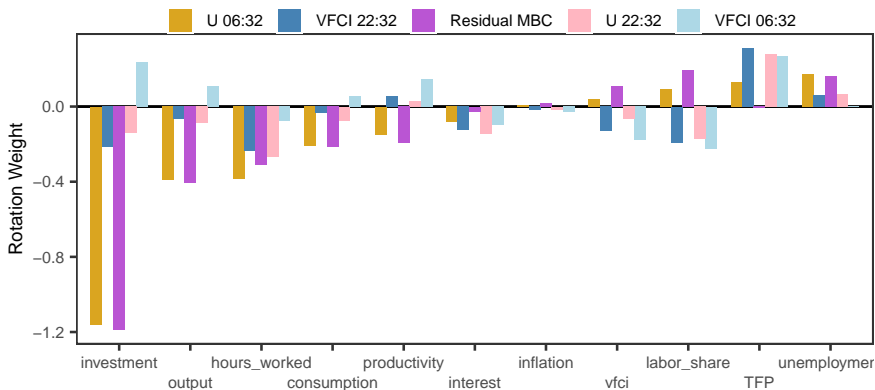




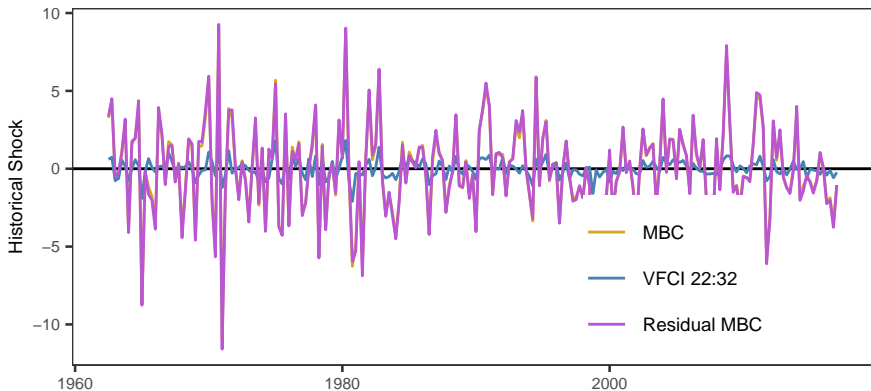
# ROTATION WEIGHTS



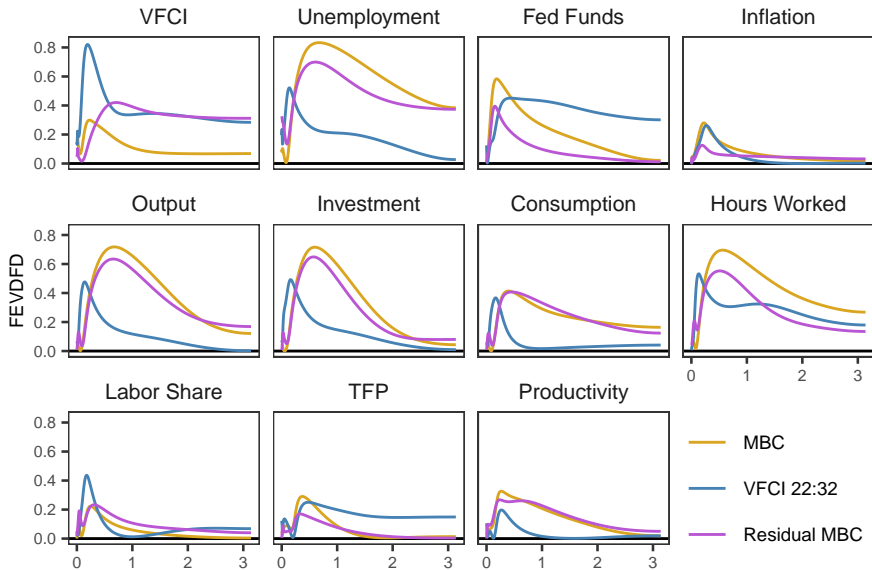
# EMPIRICAL SHOCK WEIGHTS



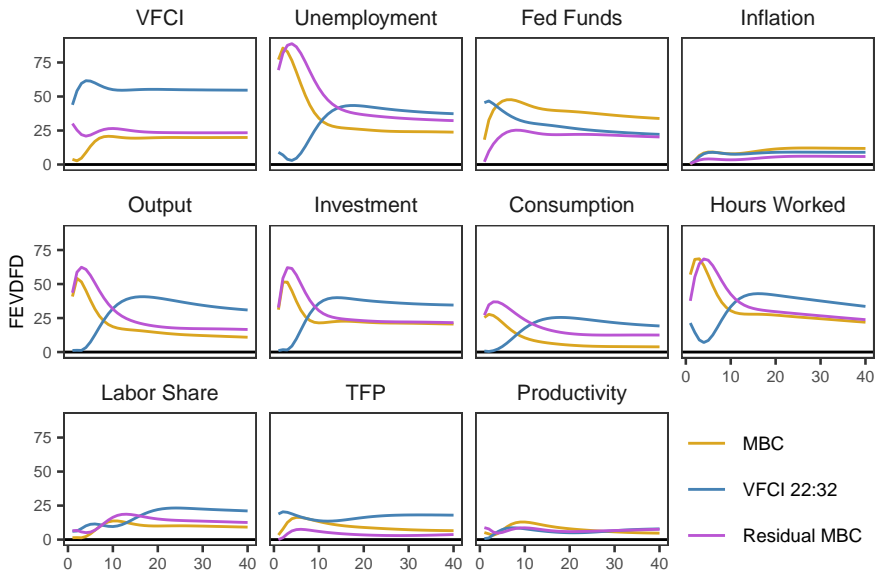
## OTHER - HISTORICAL SHOCKS



# OTHER - FEVDFD

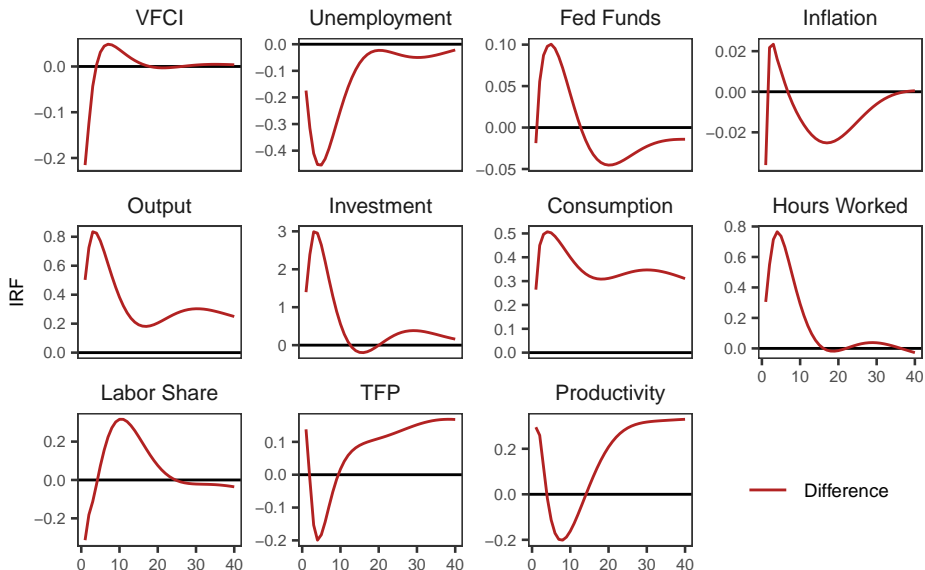


# OTHER - FEVD



# APPENDIX

# VFCI AND U, 6 - 32 Q, DIFFERENCES



# VFCI AND U, 6 - 32 Q, FIRST DIFFERENCES

