

VOLATILITY FINANCIAL CONDITIONS INDEX (VFCI) AND THE BUSINESS CYCLE

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OUTLINE

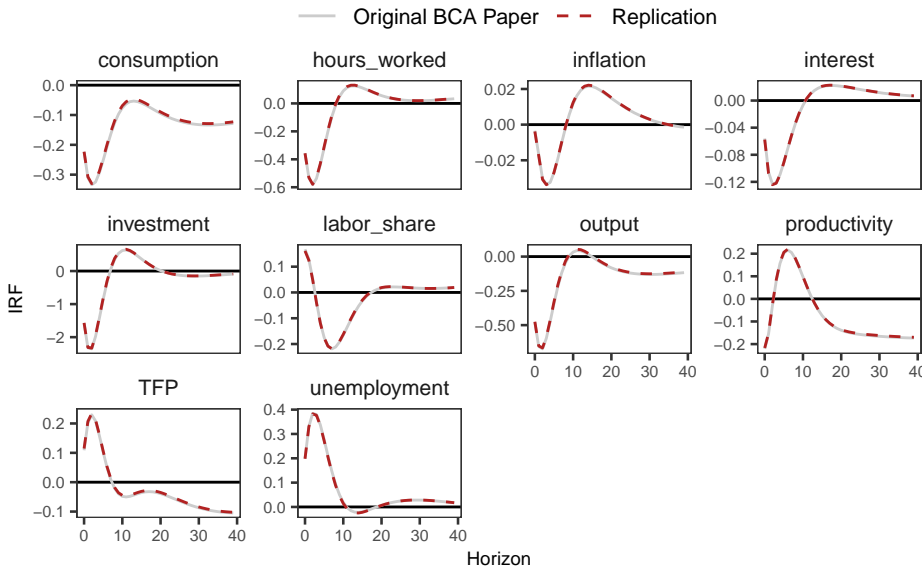
- Replication of “Business Cycle Anatomy”
- Volatility Financial Conditions Index
- Result 1 - Varying VFCI target frequency
- Result 2 - Varying Unemployment and VFCI target frequency
- Result 3

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”

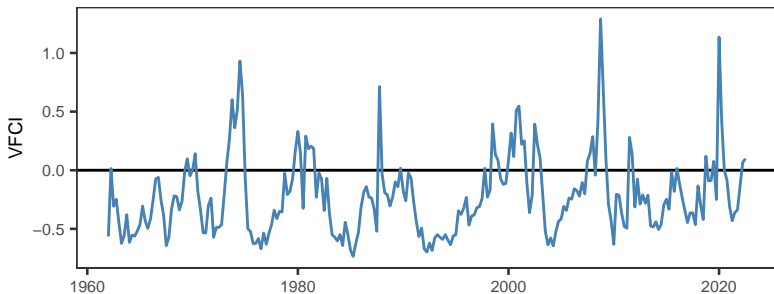


VOLATILITY FINANCIAL CONDITIONS INDEX

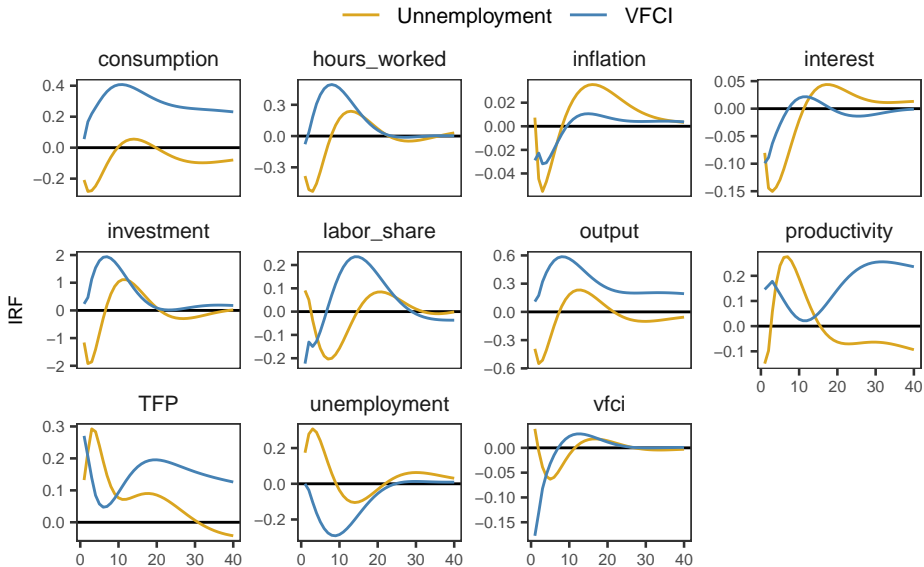
Introduce VFICI data series

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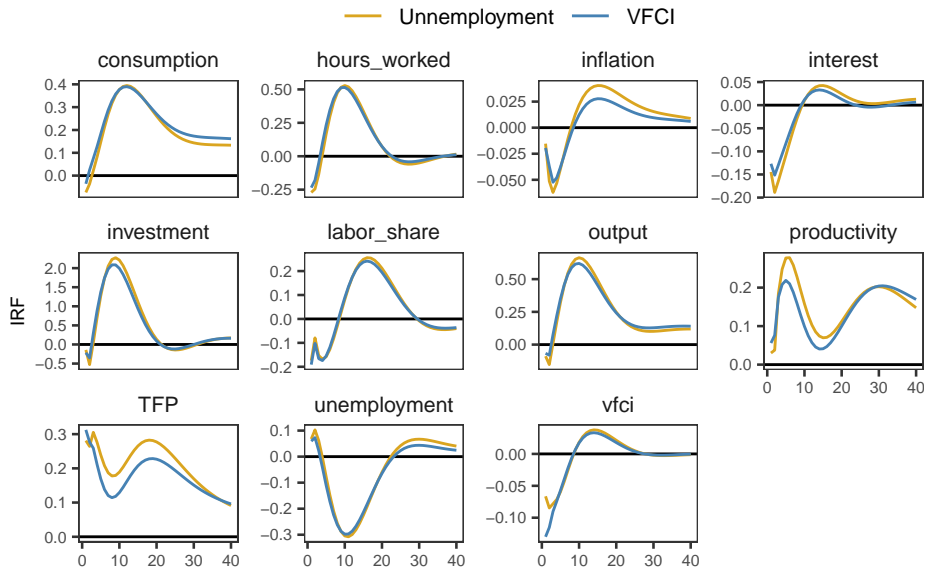
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RESULTS 1A - BOTH TARGET BC (6 - 32 Q)



RESULTS 2 - BOTH TARGET 22 - 32 Q



RESULTS 3

Weights?

Historical shocks?

FEVDFD?

FEVD?

APPENDIX

APPENDIX SLIDE 1