17.12.13 17:29:09

Simulations of equilibrium current account with closed output gap in the medium run

For industrialized countries, I use the following estimation:

Dependent Variable: CA
Method: Panel EGLS (Cross-section weights)
Date: 12/17/13 Time: 17:14
Sample: 1 7
Periods included: 7
Cross-sections included: 20
Total panel (balanced) observations: 140
Linear estimation after one-step weighting matrix

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.284167	0.548388	-2.341711	0.0209
NFA	0.048171	0.010368	4.646262	0.0000
ETDR	0.149275	0.046460	3.212983	0.0017
OG	-0.608495	0.110158	-5.523817	0.0000

Effects Specification

Cross-section fixed (dummy variables)

Weighted Statistics

R-squared	0.786855	Mean dependent var	-1.511486
Adjusted R-squared	0.746777	S.D. dependent var	5.655779
S.E. of regression	2.700208	Sum squared resid	853.0617
F-statistic	19.63285	Durbin-Watson stat	1.311407
Prob(F-statistic)	0.000000		

Unweighted Statistics

R-squared	0.602182	Mean dependent var	-0.545493
Sum squared resid	875.1985	Durbin-Watson stat	1.050773

I obtain similar results with annual data. Equations are estimated over the period 1980 to 2007.

17.12.13 17:29:09

For emerging countries, I use the following estimation:

Dependent Variable: CA
Method: Panel EGLS (Cross-section weights)
Date: 12/17/13 Time: 17:16
Sample: 1 7
Periods included: 7
Cross-sections included: 20
Total panel (unbalanced) observations: 139
Linear estimation after one-step weighting matrix
White cross-section standard errors & covariance (no d.f. correction)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.172083	0.414921	-0.414736	0.6791
NFA	0.018622	0.008472	2.198235	0.0299
ETDR	-0.095436	0.015809	-6.036949	0.0000
OG	-0.624509	0.091099	-6.855272	0.0000

Effects Specification

Cross-section fixed (dummy variables)

Weighted Statistics

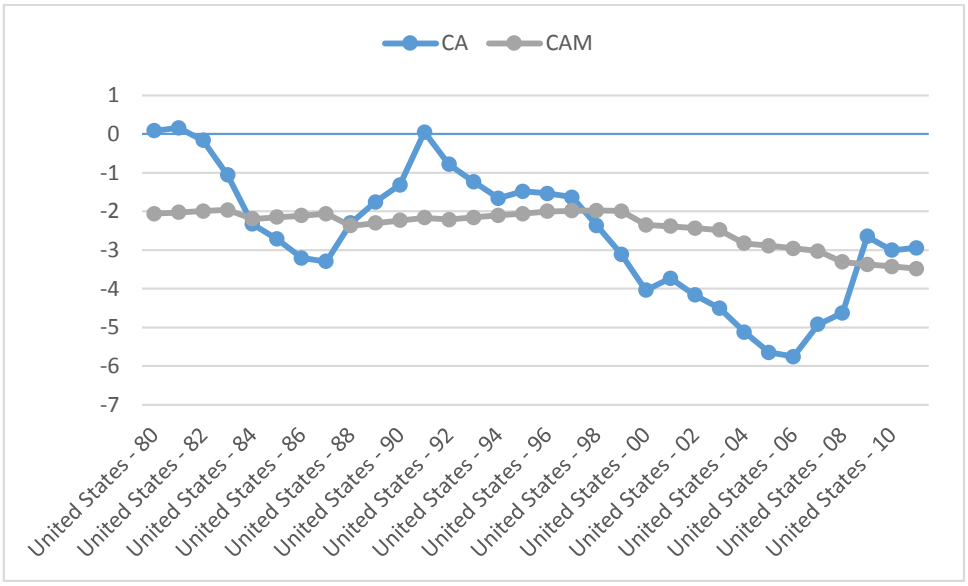
R-squared	0.541106	Mean dependent var	-1.923623
Adjusted R-squared	0.454075	S.D. dependent var	4.226594
S.E. of regression	3.014945	Sum squared resid	1054.428
F-statistic	6.217361	Durbin-Watson stat	1.521829
Prob(F-statistic)	0.000000		

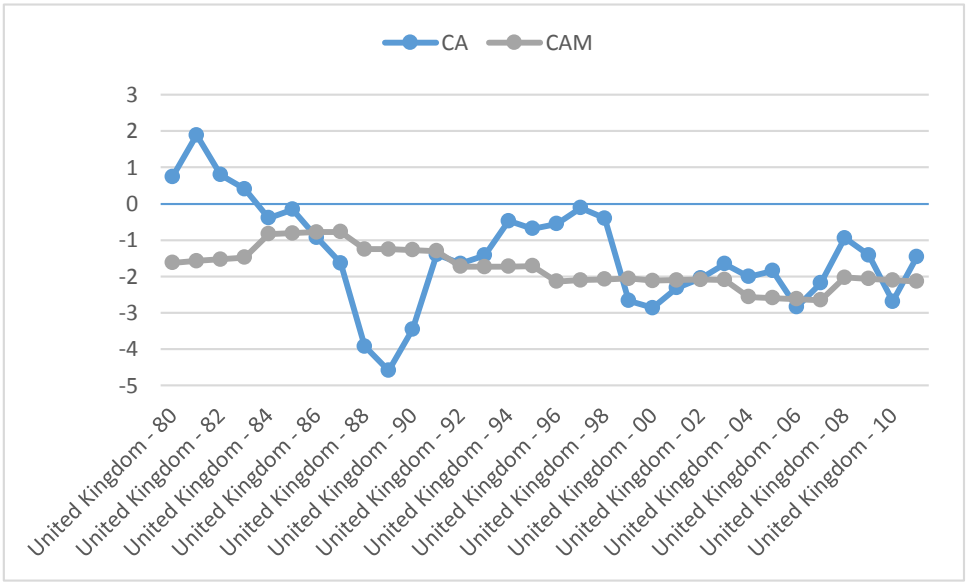
Unweighted Statistics

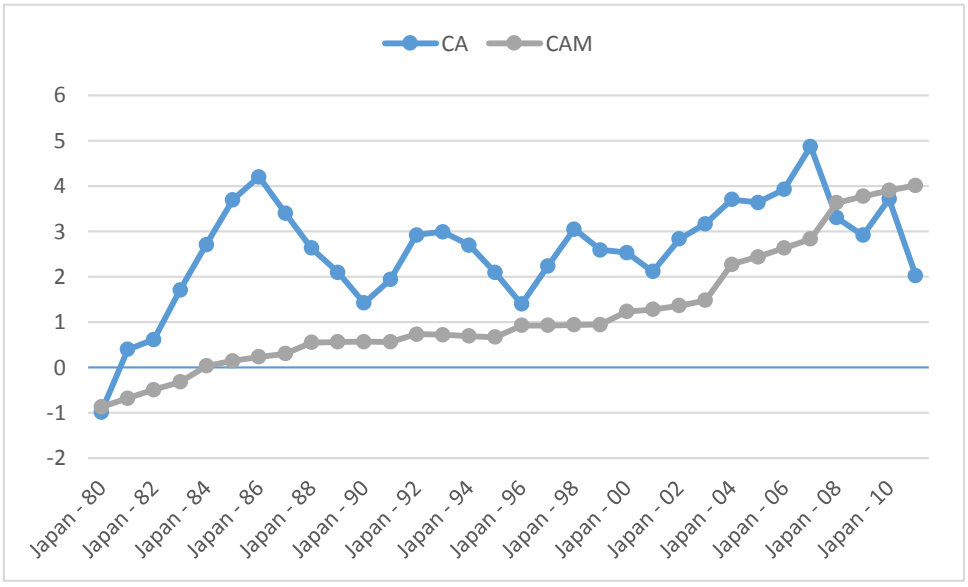
R-squared	0.442930	Mean dependent var	-1.137304
Sum squared resid	1074.019	Durbin-Watson stat	1.190200

I obtain similar results with annual data. Equations are estimated over the period 1980 to 2007.

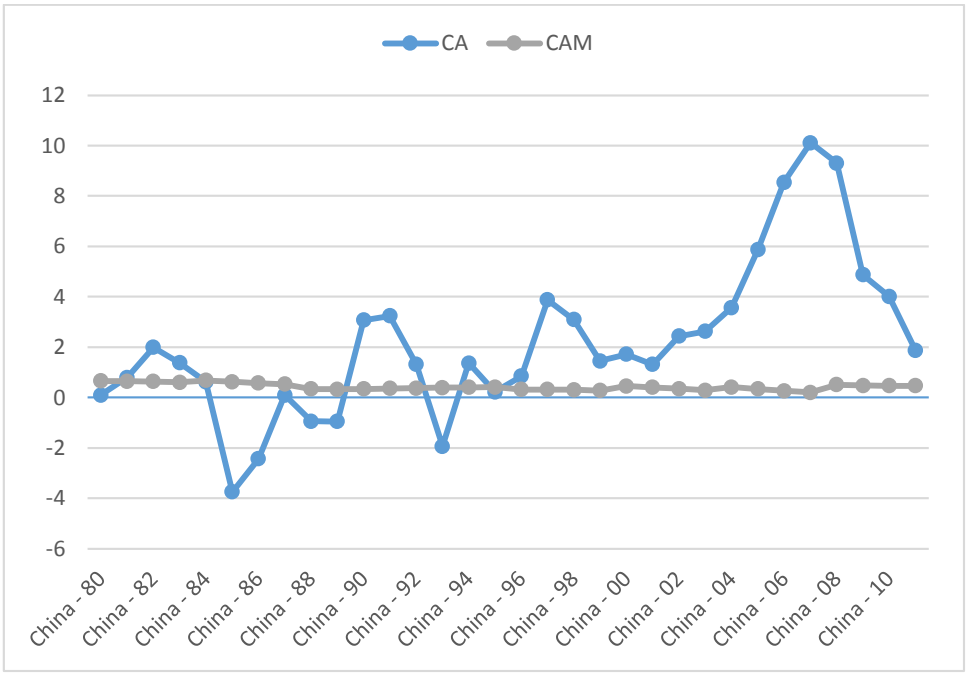
17.12.13 17:29:09

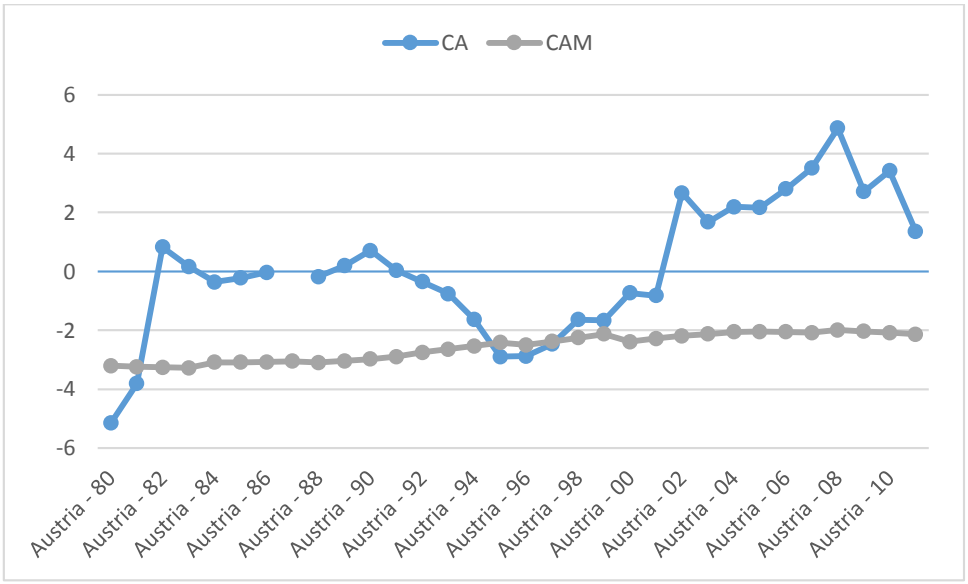


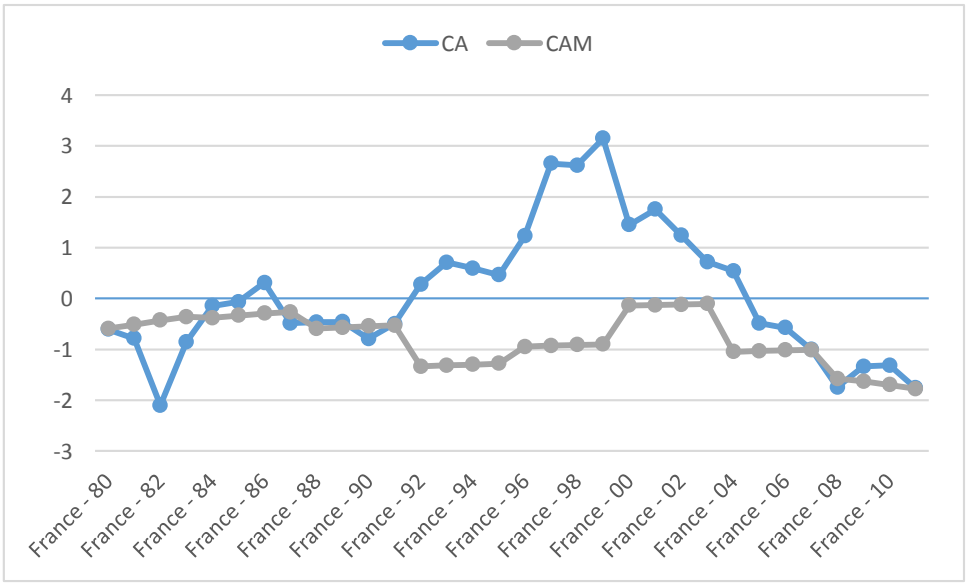




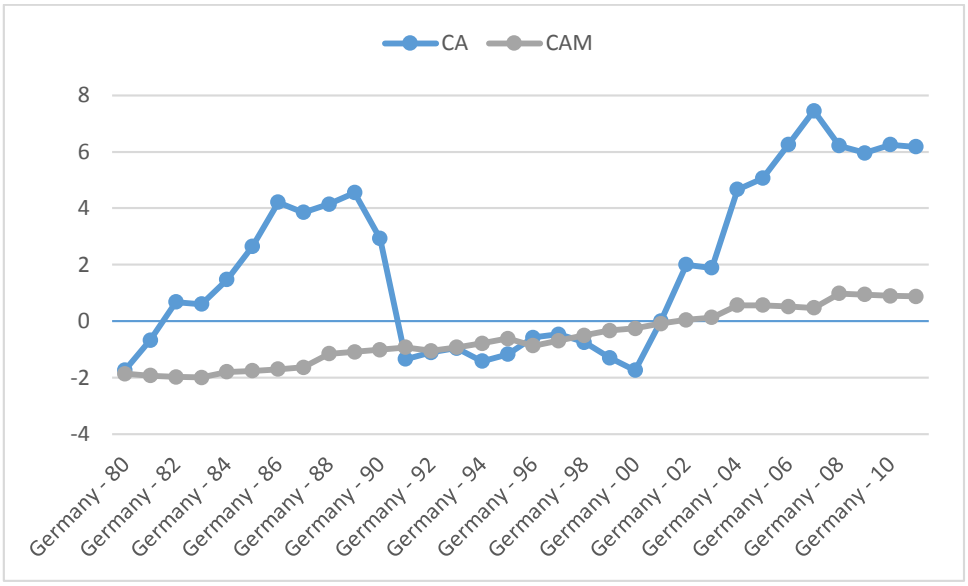
17.12.13 17:29:09

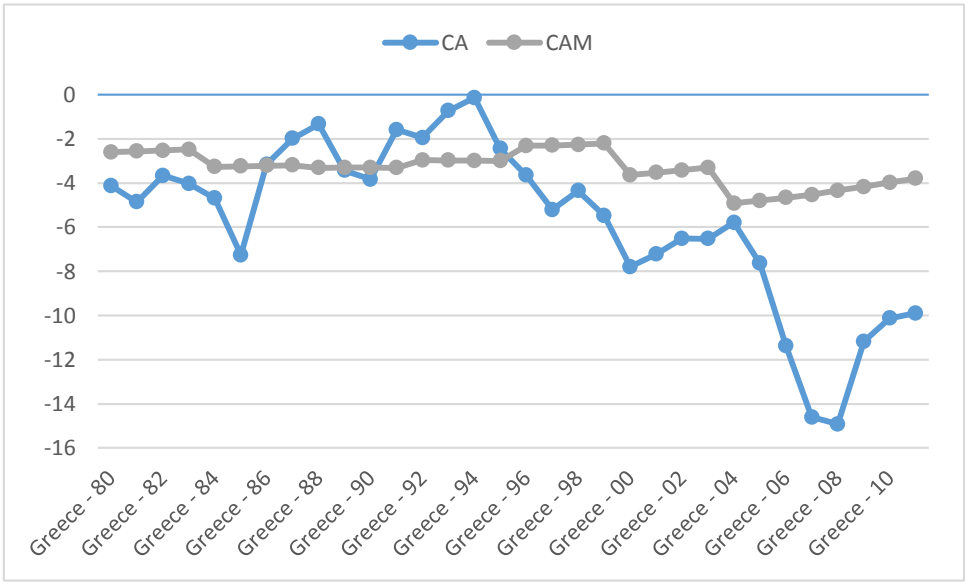


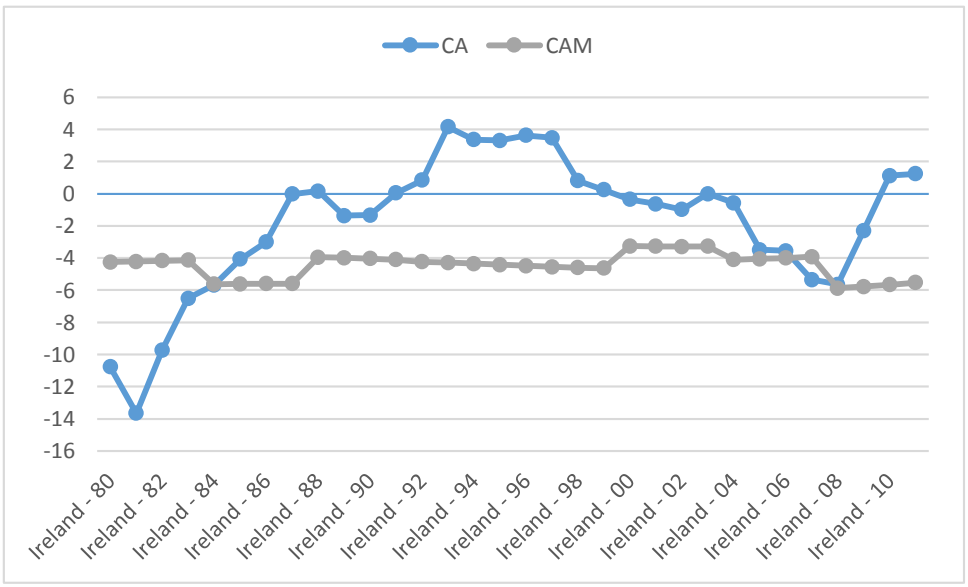




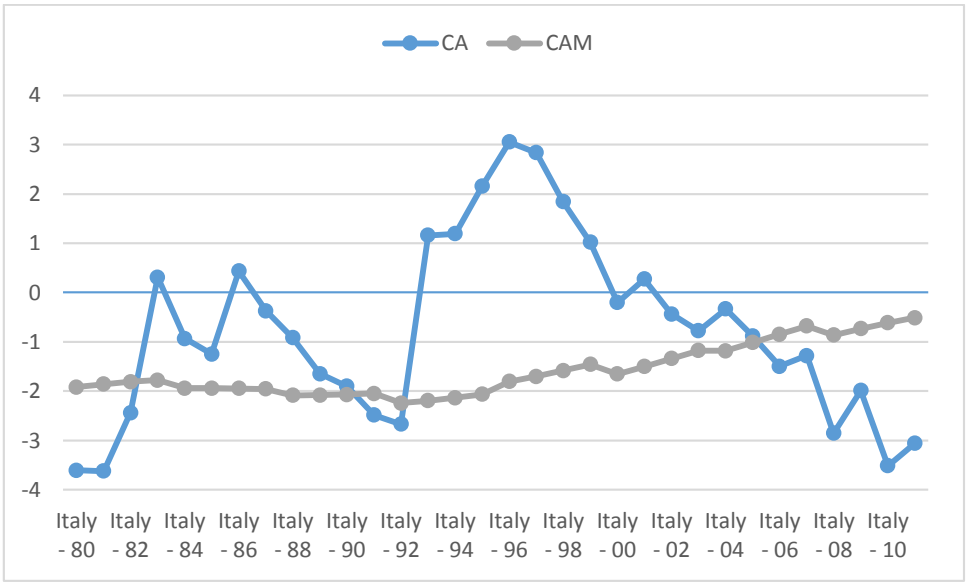
17.12.13 17:29:09

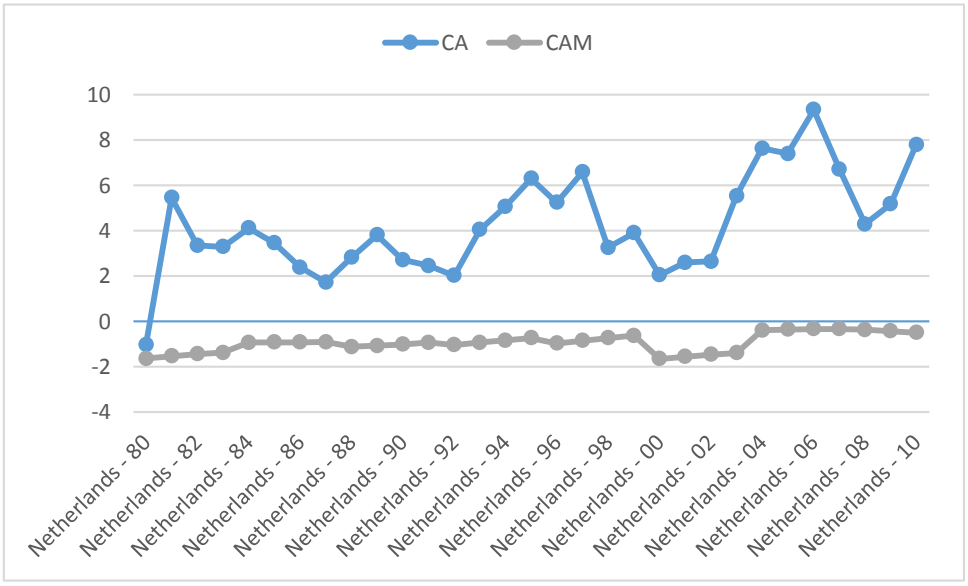


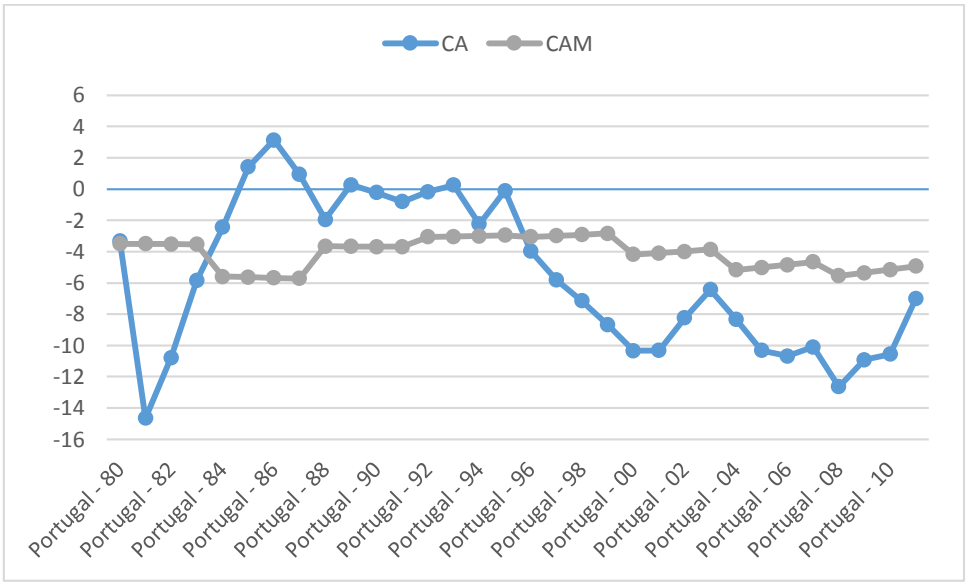




17.12.13 17:29:09







17.12.13 17:29:09