**Data Description**

1. **Chicago Fed National Financial Conditions Index (NFCI).**

Main Reference is Brave and Butters (2011, 2012a, 2012b). The Chicago Fed’s National Financial Conditions Index (NFCI) provides a comprehensive weekly update on U.S. financial conditions in money markets, debt and equity markets and the traditional and “shadow” banking systems. Because U.S. economic and financial conditions tend to be highly correlated, we also present an alternative index, the adjusted NFCI (ANFCI). This index isolates a component of financial conditions uncorrelated with economic conditions to provide an update on financial conditions relative to current economic conditions. The NFCI is a weighted average of 105 indicators of risk, credit, and leverage in the financial system—each expressed relative to its sample average and scaled by its sample standard deviation. As such, a zero value for the NFCI can be thought of as the U.S. financial system operating at historical average levels of risk, credit, and leverage. The ANFCI removes the variation in these indicators attributable to economic activity. As such, a zero value for the ANFCI corresponds with a financial system operating at historical average levels of risk, credit, and leverage consistent with economic activity and inflation. Positive values of the NFCI indicate financial conditions that are tighter than on average, while negative values indicate financial conditions that are looser than on average. Similarly, positive values of the ANFCI indicate financial conditions that are tighter on average than would be typically suggested by current economic conditions, while negative values indicate the opposite. A positive value for an individual subindex indicates that the corresponding aspect of financial conditions is tighter than on average, while negative values indicate the opposite. Brave and Butters (2012a, 2012b) demonstrate that the nonfinancial leverage subindex best exemplifies how leverage can serve as an early warning signal for financial stress and its potential impact on economic growth. The positive weight assigned to both the household and nonfinancial business leverage measures in this subindex (contrary to most other leverage measures) reflects the fact that rising values of each are typically associated with increasingly tighter financial conditions. This feature makes the nonfinancial leverage subindex characteristic of the feedback process often referred to as the “financial accelerator” as discussed in Bernanke, Gertler, and Gilchrist (1999). Increasingly tighter financial conditions are associated with rising risk premiums and declining asset values. The net worth of households and nonfinancial firms is, thus, reduced at the same time that credit tightens. This leads to a period of deleveraging (i.e., debt reduction) across the financial and nonfinancial sectors of the economy and ultimately to lower economic activity.