

**THE EFFECT OF EXCHANGE RATE SHOCK
ON OUTPUT, INFLATION,
AND NET EXPORT**

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CASE OF NORWAY

TEAM 1

CONTENTS



Research Question

Research Methodology

Data

Findings and Results

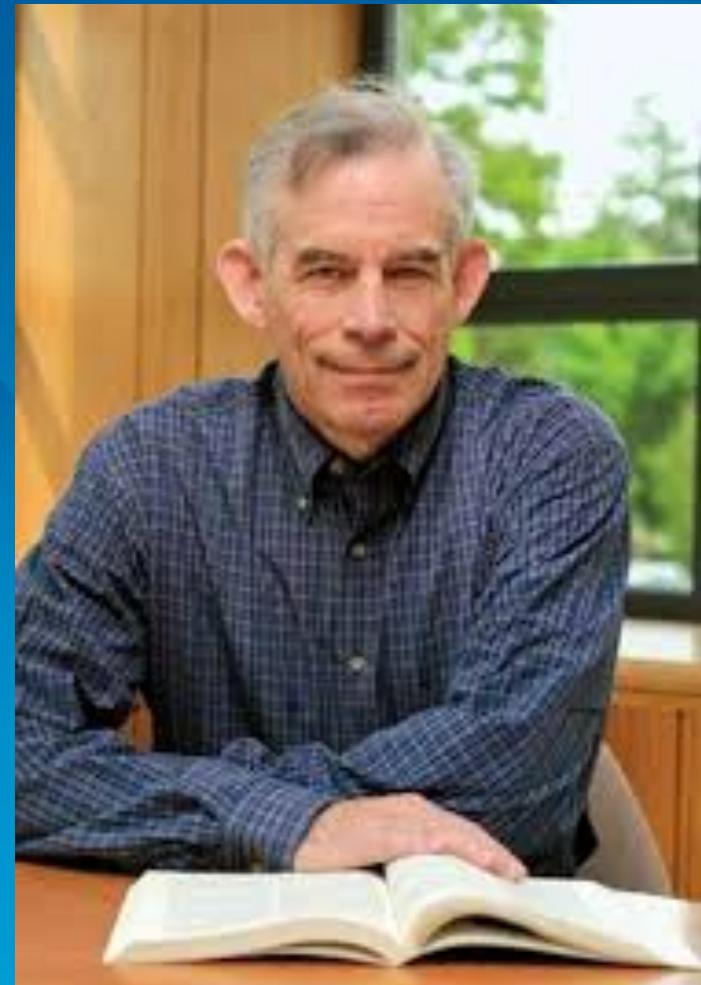
Research Question

Effect of exchange rate shock on output, inflation, and net export?

- H1: Exchange rate shocks have positive impact on net export
- H2: Exchange rate shocks have positive impacts on inflation
- H3: Exchange rate shocks have positive impacts on output

Research Methodology

Structural Vector Autoregressive (SVAR)

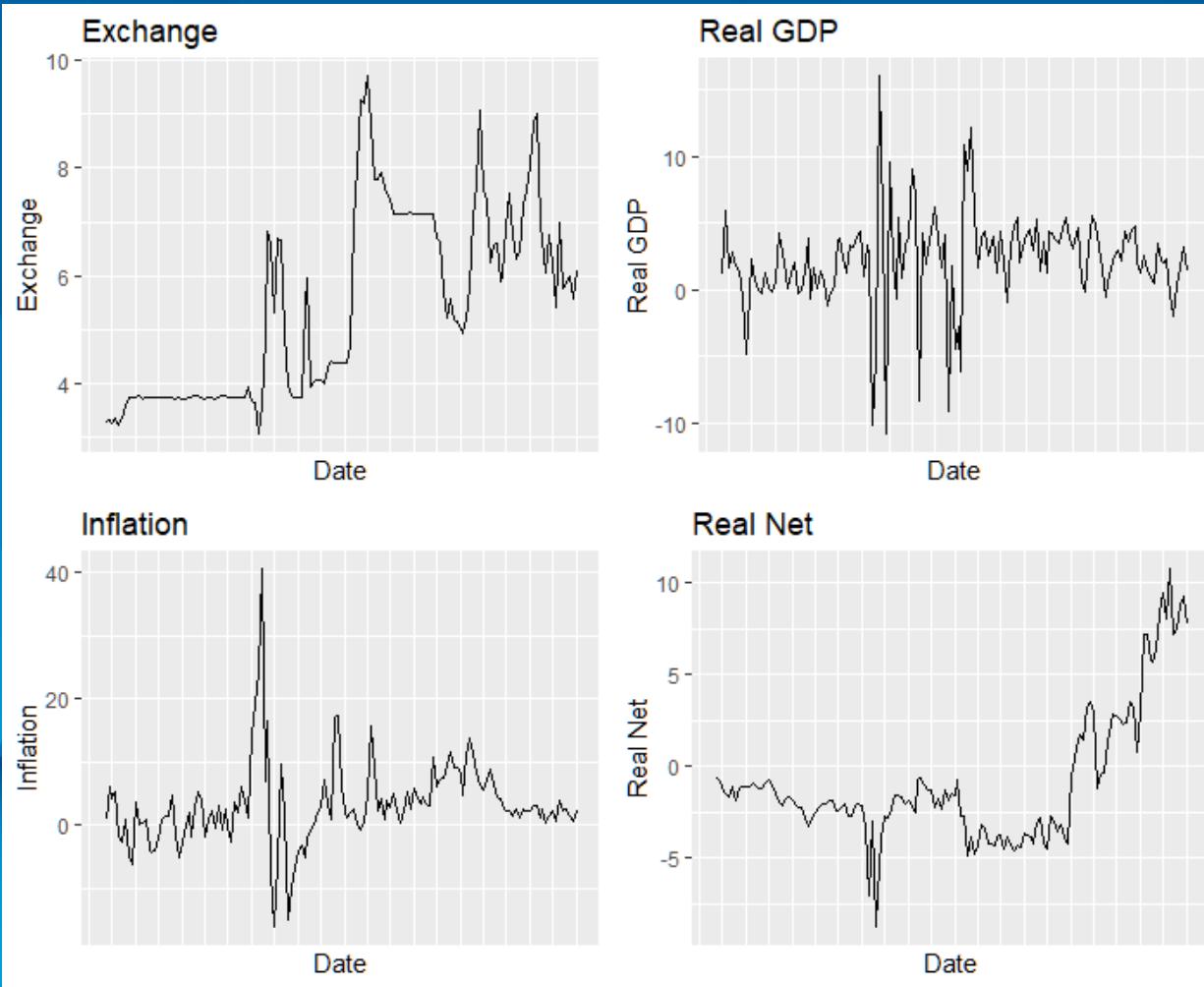


DATA

Variable	Data
Output	Real GDP growth
Inflation	CPI
Net export	Real (Export – Import)/GDP
Exchange rate	USD / NOK

Data source: <http://www.macrohistory.net/>

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Data exploratory and analyzing process



- Tests of Stationarity (Dickey–Fuller test)
- Stationarize data
- Model estimation
- Result interpretation

Ordering Variables in SVAR

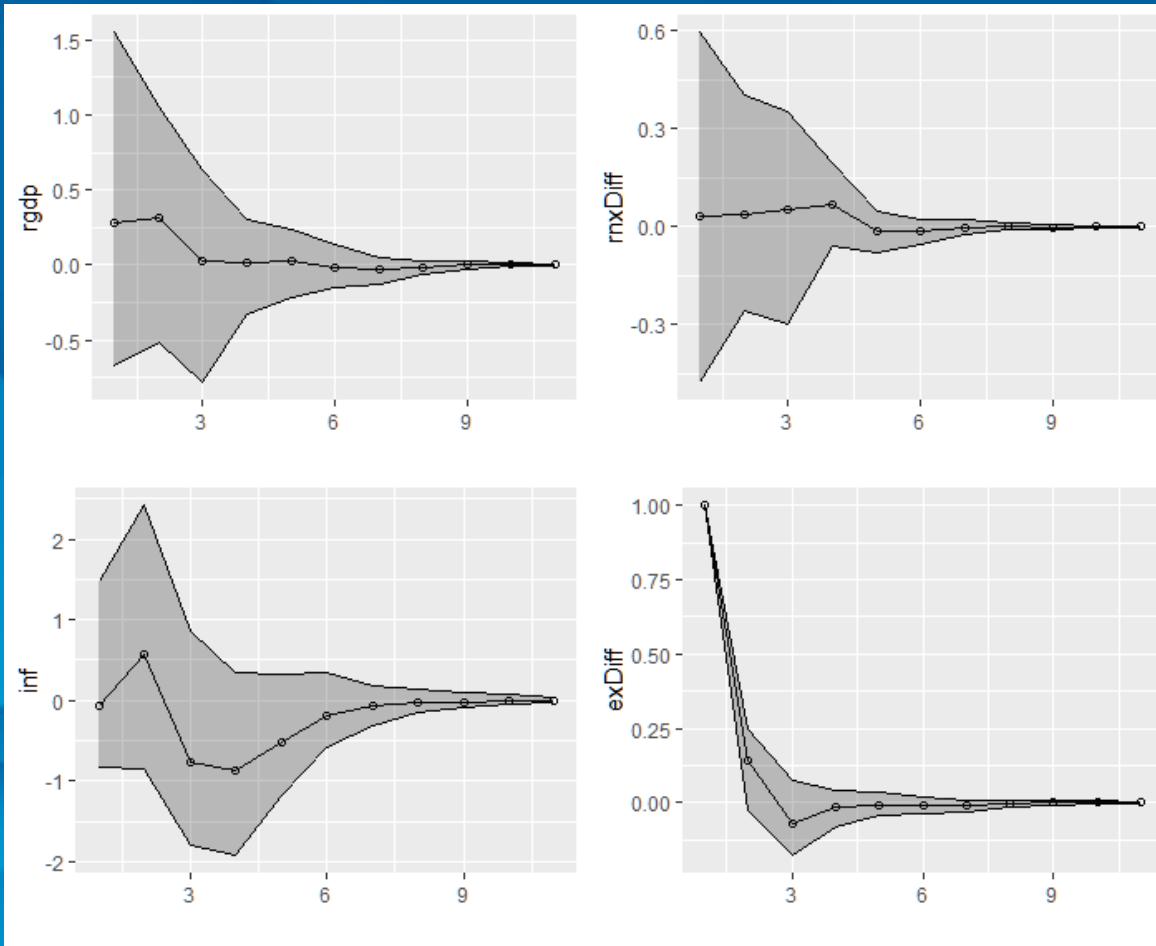
GDP

Net Export

Inflation

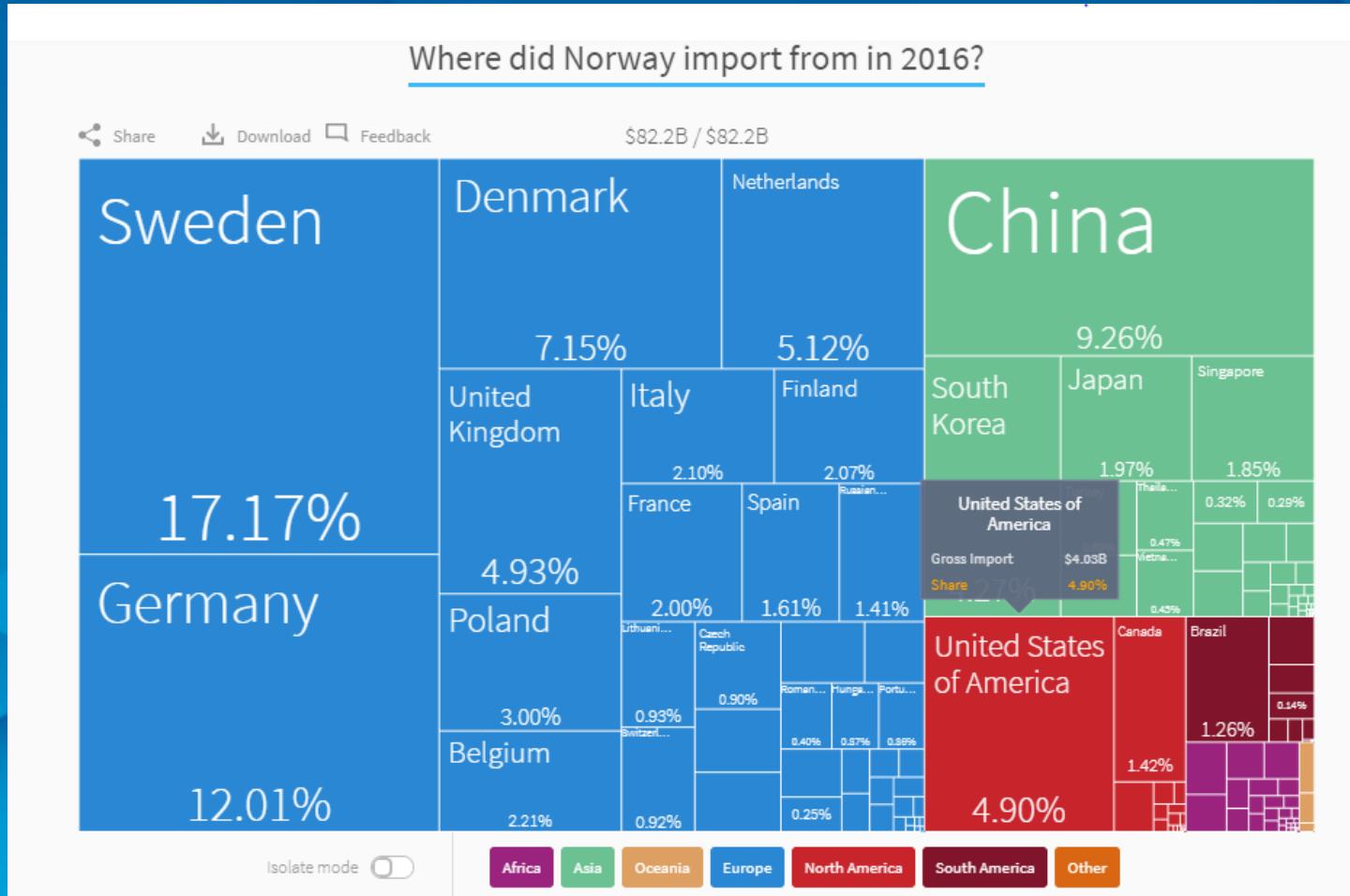
Exchange Rate

Impulse response of 1% change of exchange rate





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CONCLUSION

- Exchange rate shocks have positive impact on net export and out put
- Implication: If given funding, we would like to take this study further by mining more applicable data and testing more variables as well as applying this study to Vietnam.



Thank You!