**A Reconsideration of the Failure of Uncovered Interest Parity for the U.S. Dollar**

For all short- and medium-run regressions, go to CODE folder, open “Master.do”, change global path “uip” to the current directory. The Master code will call other files to reproduce all results of the paper. Tables and Figures are saved under OUTPUT folder.

For long-run regressions, go to LongRun folder.

Long-run analysis code: how to run?

1. Folder structure: this code requires the following folder structure. We consider two assumptions: stationary and non-stationary, and in each case, there are 4 folders with different sample sizes. In each folder, we have:
   1. rawdata: to save the raw data that is used in the whole paper.
   2. data: to save the estimation results.
   3. temp: to save the temporary data generated and used in analysis.
   4. dofiles: to save the codes in stata.
   5. matrix: to save temporary data into txt form for running the Matlab codes, which are also saved in this folder.
   6. tables: to save the regression results in excel files.
2. Steps to run the code, we use stationary/wholesample as an example.
   1. We start from Stata code in dofiles folder. Run VAR\_estimation\_stationary.do. This step generates the original estimates without bias correction. These estimates are saved in matrix folder for the next step.
   2. Move to Matlab and use the m.file in matrix folder for each currency. This step corrects the small sample bias and saves the corrected estimates for decomposition.
   3. Go back to Stata and use do file in the dofiles folder. Run Correction\_stationary.do. This step gives us the transitory component of the log of the exchange rate, , and the UIP measure of the exchange rate, .
   4. Before running regressions, we need to check the validity of this decomposition. The last step also saves a log file named correction\_stationary.log. In this log file, if the result is valid, “Valid” is displayed, otherwise, “Invalid” is displayed.
   5. Given the results are valid, run calculate\_var.do in the dofiles folder to calculate the variance of and , and compare the two variances.
   6. Run regressions.do for equation (12) and regression\_pi.do for equation (13). Results will be saved in the tables folder.
   7. There are other do files for appendix, regressions\_12.do is to run regression equation (12) but with lags of 12 periods, and regressions\_pi\_i.do and regressions\_pi\_pi.do are for regression .