

Data Appendix

The data set used in this paper is an updated version of that used in Stock and Watson (2008) and the reader is referred to that paper for more details about the data. The raw data runs from 1959Q1 through 2008Q4. Variables which are originally at a monthly frequency are transformed to a quarterly by averaging over the three months in a quarter. Except for financial variables, variables are seasonally adjusted. All variables are transformed to stationarity as in Stock and Watson (2008). The following table provides a brief description of each variable along with a transformation code. This code is: 1 = no transformation, 2 = first difference, 3 = second difference, 4 = log, 5 = first difference of logged variables, 6 = second difference of logged variables.

Short Name	Mnemonic	Code	Description
RGDP	GDP251	5	Real GDP, Quantity Index (2000=100)
CPI	CPIAUCSL	6	CPI All Items
FFR	FYFF	2	Interest rate: Federal funds (effective) (% per annum)

Short Name	Mnemonic	Code	Description
Com: spot price (real)	PSCCOMR	5	Real spot market price index: all commodities
Reserves nonbor	FMRNBA	3	Depository inst reserves: nonborrowed (mil\$)
Reserves tot	FMRRA	6	Depository inst reserves: total (mil\$)
M2	FM2	6	Money stock: M2 (bil\$)
Cons	GDP252	5	Real Personal Cons. Exp., Quantity Index
IP: total	IPS10	5	Industrial production index: total
Capacity Util	UTL11	1	Capacity utilization: manufacturing (SIC)
U: all	LHUR	2	Unemp. rate: All workers, 16 and over (%)
HStarts: Total	HSFR	4	Housing starts: Total (thousands)
PPI: fin gds	PWFSA	6	Producer price index: finished goods
PCED	GDP273	6	Personal Consumption Exp.: price index
Real AHE: goods	CES275R	5	Real avg hrly earnings, non-farm prod. workers
M1	FM1	6	Money stock: M1 (bil\$)
S&P: indust	FSPIN	5	S&P's common stock price index: industrials
10 yr T-bond	FYGT10	2	Interest rate: US treasury const. mat., 10-yr
Ex rate: avg	EXRUS	5	US effective exchange rate: index number
Emp: total	CES002	5	Employees, nonfarm: total private

Table B3: Remaining Variables used in VARs with 40 or more Variables			
Short Name	Mnemonic	Code	Description
SPREAD	SFYGT10	1	Spread btwn 10 year and 3 month T-bill rates
Consumer expect	HHSNTN	2	Univ of Mich index of consumer expectations
PMI	PMI	1	Purchasing managers' index
NAPM vendor del	PMDEL	1	NAPM vendor deliveries index (%)
NAPM com price	PMCP	1	NAPM commodity price index (%)
GPDIInv	GDP256	5	Real gross private domestic investment
Labor Prod	LBOUT	5	Output per hr: all persons, business sec
NAPM Invent	PMNV	1	NAPM inventories index (%)
Exports	GDP263	5	Real exports
Imports	GDP264	5	Real imports
Gov	GDP265	5	Real govt cons expenditures & gross investment
Emp. Hours	LBMNU	5	Hrs of all persons: nonfarm business sector
NAPM new ordrs	PMNO	1	NAPM new orders index (%)
Cons credit	CCINRV	6	Consumer credit outstanding: nonrevolving
BUSLOANS	BUSLOANS	6	Comm. and industrial loans at all comm. banks
NAPM prodn	PMP	1	NAPM production index (%)
PCED-SERV-HOUS	GDP276_1	6	Housing price index
SalestoDomPurc	GDP270	5	Real final sales to domestic purchasers
Cons-Dur	GDP253	5	Real personal cons expenditures: Durable goods
Help wanted indx	LHEL	2	Index of help-wanted ads in newspapers

Table B4: Remaining Variables used only in VARs with 168 Variables			
Short Name	Mnemonic	Code	Description
Cons-NonDur	GDP254	5	Real personal consumption exp: nondur goods
Cons-Serv	GDP255	5	Real personal consumption exp: services
FixedInv	GDP257	5	Real gross priv domestic inv: fixed inv
NonResInv	GDP258	5	Real gross priv domestic inv: nonresidential
NonResInv-Struct	GDP259	5	Real gross priv domestic inv: nonres structures
NonResInv-Bequip	GDP260	5	Real gross priv domestic inv: nonres equip
Res.Inv	GDP261	5	Real gross priv domestic inv: residential
Gov Fed	GDP266	5	Real gov cons exp & gross inv: federal
Gov State/Loc	GDP267	5	Real gov cons exp & gross inv: state and local
FinalSales	GDP268	5	Real final sales of domestic product
DomPurchases	GDP269	5	Real gross domestic purchases
RGNP	GDP271	5	Real gross national product
PGDP	GDP272	6	Gross domestic product, price index
PCED-Dur	GDP274	6	Personal cons exp: durable goods, price index
PCED-Ndur	GDP275	6	Personal cons exp: nondur goods, price index
PCED-Serv	GDP276	6	Personal cons exp: services, price index
PGPDI	GDP277	6	Gross private domestic investment, price index
PFixedInv	GDP278	6	Gross priv dom inv: fixed inv, price index
PNonResInv	GDP279	6	Gross priv dom inv: nonresidential, price index
PNonResStruc	GDP280	6	Gross priv dom inv: nonres structures, price index
PNonResEqu	GDP281	6	Gross priv dom inv: nonres equipment, price index
PResInv	GDP282	6	Gross priv dom inv: residential, price index
Pexp	GDP284	6	Exports, price index
Pimp	GDP285	6	Imports, price index
Pgov	GDP286	6	Government cons exp & gross inv, price index
Pgov_Fed	GDP287	6	Gov cons exp & gross inv: federal, price index
Pgov_stat/loc	GDP288	6	Gov cons exp & gross inv: state&local, price index
P_FinSale	GDP289	6	Final sales of domestic product, price index

Table B4 (continued): Remaining Variables used only in VARs with 168 Variables			
Short Name	Mnemonic	Code	Description
P_Purch	GDP290	6	Gross domestic purchases, price index
P_SalesPurc	GDP291	6	Final sales to domestic purchasers, price index
PGNP	GDP292	6	Gross national product, price index
Real Comp/Hour	LBPUR7	5	Real comp per hour: employees, nonfarm business
Unit Labor Cost	LBLCPU	5	Unit labor cost: nonfarm business sector
PCED-DUR-MOTORVEH	GDP274_1	6	Motor vehicles and parts, price index
PCED-DUR-HHEQUIP	GDP274_2	6	Furniture and household equipment, price index
PCED-DUR-OTH	GDP274_3	6	Other durables, price index
PCED-NDUR-FOOD	GDP275_1	6	Food, price index
PCED-NDUR-CLTH	GDP275_2	6	Clothing and shoes, price index
PCED-NDUR-ENERGY	GDP275_3	6	Gas, fuel oil, and other energy goods, price index
PCED-NDUR-OTH	GDP275_4	6	Other nondurables, price index
PCED-SERV-HOUSOP	GDP276_2	6	Household operation, price index
PCED-SERV-H0-ELGAS	GDP276_3	6	Electricity and gas, price index
PCED-SERV-HO-OTH	GDP276_4	6	Other household operation, price index
PCED-SERV-TRAN	GDP276_5	6	Transportation, price index
PCED-SERV-MED	GDP276_6	6	Medical care, price index
PCED-SERV-REC	GDP276_7	6	Recreation, price index
PCED-SERV-OTH	GDP276_8	6	Other services, price index
PEXP-GOODS	GDP284_1	6	Exports of goods, price index
PEXP-SERV	GDP284_2	6	Exports of services, price index
PIMP-GOODS	GDP285_1	6	Imports of goods, price index
PIMP-SERV	GDP285_2	6	Imports of services, price index
IP: products	IPS11	5	Industrial production index: products total
IP: final prod	IPS299	5	Industrial production index: final products
IP: cons gds	IPS12	5	Industrial production index: consumer goods
IP: cons dble	IPS13	5	Industrial production index: consumer durable
IP:cons nondble	IPS18	5	Industrial production index: consumer nondur

Table B4 (continued): Remaining Variables used only in VARs with 168 Variables			
Short Name	Mnemonic	Code	Description
IP: bus eqpt	IPS25	5	Industrial production index: business equipment
IP: matls	IPS32	5	Industrial production index: materials
IP: dble mats	IPS34	5	Industrial production index: dur goods materials
IP:nondble mats	IPS38	5	Industrial production index: nondur goods materials
IP: mfg	IPS43	5	Industrial production index: manufacturing
IP: res util	IPS307	5	Industrial production index: residential utilities
IP: fuels	IPS306	5	Industrial production index: fuels
AHE: goods	CES275	6	Avg hrly earnings, prod wrkrs, nonfarm-goods prod
AHE: const	CES277	6	Avg hrly earnings, prod wrkrs, nonfarm-construction
AHE: mfg	CES278	6	Avg hrly earnings, prod wrkrs, nonfarm-manufacturing
Real AHE: const	CES277R	5	Real avg hrly earnings, prod wrkrs, nonfarm-const
Real AHE: mfg	CES278R	5	Real avg hrly earnings, prod wrkrs, nonfarm-manuf
Emp: gds prod	CES003	5	Employees, nonfarm: goods-producing
Emp: mining	CES006	5	Employees, nonfarm: mining
Emp: const	CES011	5	Employees, nonfarm: construction
Emp: mfg	CES015	5	Employees, nonfarm: manufacturing
Emp: dble gds	CES017	5	Employees, nonfarm: durable goods
Emp: nondbles	CES033	5	Employees, nonfarm: nondurable goods
Emp: services	CES046	5	Employees, nonfarm: service providing
Emp: TTU	CES048	5	Employees, nonfarm: trade, transport and utilities
Emp: wholesale	CES049	5	Employees, nonfarm: wholesale trade
Emp: retail	CES053	5	Employees, nonfarm: retail trade
Emp: FIRE	CES088	5	Employees, nonfarm: financial activities
Emp: Govt	CES140	5	Employees, nonfarm: government
Help wanted/emp	LHELX	2	Ratio: Help-wanted ads to number unemployed
Emp CPS total	LHEM	5	Civilian labor force employed, total
Emp CPS nonag	LHHAG	5	Civilian labor force employed, nonagric ind.
U: mean duration	LHU680	2	Average unemployment duration (weeks)

Table B4 (continued): Remaining Variables used only in VARs with 168 Variables			
Short Name	Mnemonic	Code	Description
U < 5 wks	LHU5	5	Unemp by duration, persons unemp less than 5 wks
U 5-14 wks	LHU14	5	Unemp by duration, persons unemp btwn 5 and 14 wks
U 15+ wks	LHU15	5	Unemp by duration, persons unemp 15 wks or more
U 15-26 wks	LHU26	5	Unemp by duration, persons unemp btwn 15 and 26 wks
U 27+ wks	LHU27	5	Unemp by duration, persons unemp 27 wks or more
Avg hrs	CES151	1	Avg wkly hours, prod wrks, nonfarm goods-producing
Overtime: mfg	CES155	2	Avg weekly overtime hrs, prod wrkrs, nonfarm, manuf
HAuth	HSBR	4	Housing authorized: total new private housing units
HStarts: NE	HSNE	4	Housing starts: Northeast
HStarts: MW	HSMW	4	Housing starts: Midwest
HStarts: South	HSSOU	4	Housing starts: South
HStarts: West	HSWST	4	Housing starts: West
3 mo T-bill	FYGM3	2	Interest rate: US T-bills, sec mkt, 3-month
6 mo T-bill	FYGM6	2	Interest rate: US T-bills, sec mkt, 6-month
1 yr T-bond	FYGT1	2	Interest rate: US T-bills const maturities 1-yr
5 yr T-bond	FYGT5	2	Interest rate: US T-bills const maturities 5-yr
10 yr T-bond	FYGT10	2	Interest rate: US T-bills const maturities 10-yr
Aaabond	FYAAAC	2	Bond yield: Moody's AAA corporate
Baabond	FYBAAC	2	Bond yield: Moody's BAA corporate
Spread6m3m	SFYGM6	1	Spread: 6 month minus 3 month T-bill
Spread1y3m	SYGT1	1	Spread: 1 year minus 3 month T-bill
Spreadaaa10y	SFYAAAC	1	Spread: AAA corporate minus 10 yr T-bill
Spreadbaa10y	SFYBAAC	1	Spread: BAA corporate minus 10 yr T-bill
MZM	MZMSL	6	MZM FRB St. Louis
MB	FMFBA	6	Monetary base, adj for res requirement changes
CPI-Core	CPILFESL	6	CPI less food and energy
PCE-Core	PCEPILFE	6	PCE price index less food and energy

Table B4 (continued): Remaining Variables used only in VARs with 168 Variables			
Short Name	Mnemonic	Code	Description
PPI: cons gds	PWFCSA	6	Producer price index: finished consumer goods
PPI: int mat'ls	PWIMSA	6	Producer price index: interm mat supplies & componen
PPI: crude	PWCMSA	6	Producer price index: crude materials
Real PPI: crude mat'ls	PWCMSAR	5	Real prod price index: crude mat (PWSMSA/PCEPILFE
Commod: spot price	PSCCOM	6	Spot market price index: all commodities
PPI CrudeOil	PW561	6	Producer price index: crude petroleum
OilPrice (Real)	PW561R	5	PPI crude (relative to core PCE) (PW561/PCEPILFE
Ex rate: Switz	EXRSW	5	Swiss francs per US\$
Ex rate: Japan	EXRJAN	5	Japanese yen per US\$
Ex rate: UK	EXRUK	5	Cents per pound
Ex rate: Can	EXRCAN	5	Canadian \$ per US\$
S&P 500	FSPCOM	5	S&P's common stock price index: composite
S&P div yield	FSDXP	2	S&P's composite common stock: dividend yield
S&P PE ratio	FSPXE	2	S&P's composite common stock: price-earnings ratio
DJIA	FSDJ	5	Dow Jones industrial average common stock price
Orders (ConsGoods)	MOCMQ	5	New orders (net): consumer goods and materials
Orders (NDCapGoods)	MSONDQ	5	New orders: nondefense capital goods