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14. Cross Correlations of Mexican GDP (Services) and U.S. Variables15. Variance Decomposition of Mexico's Real Output in Services; 16. Variance Decomposition of Mexico's Real Output in Services (Using U.S. GDP as a Proxy for U.S. Demand); 8. Response of Real Output in Services to a U.S. Industrial Production Shock; 17. Variance Decomposition of Mexico's Real Output in Services (Using U.S. Imports as a Proxy for U.S. Demand); 9. Response of Real Output in Services to a U.S. GDP Shock; 10. Response of Real Output in Services to a U.S. Imports Shock; B. Channels Other Than External Trade?
VI. Concluding Remarks

Sommario/riassunto

This paper examines the relative importance of external shocks as sources of business cycle fluctuations in Mexico, and identifies the dynamic responses of domestic output to foreign disturbances. Using a VAR model with block exogeneity restrictions, it finds that U.S. shocks explain a large share of Mexico's macroeconomic fluctuations after NAFTA. This partly reflects greater trade integration-but also Mexico's ""Great Moderation,"" as the country escaped its former pattern of macro-financial crises. In this period, Mexico's output fluctuations have been closely synchronized with the U.S. cyc