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Nota di contenuto	Contents; I. Introduction; II. Methodology and Data; A. A Dynamic Factor Model; B. Advantages of Dynamic Factor Models; C. Variance Decompositions; D. Data; III. Dynamic Factors and Episodes of Business Cycles; A. Evolution of the Global and Group-Specific Factors; B. Country Factors and Domestic Economic Activity; IV. Sources of Business Cycle Fluctuations: 1960-2005; A. Common Cycles: Global and Country-Specific Factors; B. National Cycles: Country and Idiosyncratic Factors; C. Summary; V. Globalization and the Evolution of International Business Cycles; A. Convergence or Decoupling? B. Consumption ComovementC. Dynamics of Investment; D. Summary; VI. Sensitivity Experiments; A. Results for Sub-groups of Countries; B. Changes in the Importance of Global and Group Factors; C. Implications of Crises; D. Alternative Breakpoints; VII. Conclusion; References; Appendices; I. A Bayesian Approach to Estimating Dynamic Factor Models; II. Testing for Structural Breaks; III. List of Countries; Tables; 1. Variance Decompositions-All Groups; 2. Variance Decompositions-Industrial Country Subsamples; 3. Variance Decompositions-All Groups 4. Variance Decompositions-Industrial Country Subsamples5. Variance Decompositions-Emerging Economy Subsamples; 6. Variance Decompositions-Other Developing Economy Subsamples; Figures; 1. Global and Group-Specific Factors; 2. Output Growth and Estimated Factors for Selected Countries; 3. Average Variance Explained by the Global and Group Factors; 4. Average Variance Explained by Global and Group Factors; 5. Average Variance Explained by Global Factor; 6. Average Variance Explained by Group Specific Factors; 7. Average Variance Explained by Global and Group-Specific Factors-All Countries 8. Output Variance Explained by Global Factor9. Output Variance Explained by Group Factor
Sommario/riassunto	This paper analyzes the evolution of the degree of global cyclical interdependence over the period 1960-2005. We categorize the 106 countries in our sample into three groups-industrial countries, emerging markets, and other developing economies. Using a dynamic factor model, we then decompose macroeconomic fluctuations in key macroeconomic aggregates-output, consumption, and investment-into different factors. These are: (i) a global factor, which picks up fluctuations that are common across all variables and countries; (ii) three group-specific factors, which capture fluctuations that are common to all variables and all countries within each group of countries; (iii) country factors, which are common across all aggregates in a given country; and (iv) idiosyncratic factors specific to each time series. Our main result is that, during the period of globalization (1985-2005), there has been some convergence of business cycle fluctuations among the group of industrial economies and among the group of emerging market economies. Surprisingly, there has been a concomitant decline in the relative importance of the global factor. In other words, there is evidence of business cycle convergence within

each of these two groups of countries but divergence (or decoupling) between them.