1. Record Nr. UNINA9910967716803321

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Titolo External Shocks and Business Cycle Fluctuations in Mexico : : How Important are U.S. Factors? / / Sebastian Sosa

Pubbl/distr/stampa Washington, D.C. : , : International Monetary Fund, , 2008

ISBN 9786612840555
9781462352777
1462352774
9781452772295
1452772290
9781282840553
128284055X
9781451869613
1451869614

Edizione [1st ed.]

Descrizione fisica 1 online resource (33 p.)

Collana IMF Working Papers
IMF working paper ; ; WP/08/100

Disciplina 338.542

Soggetti Business cycles - Mexico - Econometric models
Business cycles
Economic growth
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Prices
Prices, Business Fluctuations, and Cycles: General (includes Measurement and Data)
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Mexico Foreign economic relations United States Econometric models
Mexico Economic conditions Econometric models
United States

Lingua di pubblicazione	Inglese
Formato	Materiale a stampa
Livello bibliografico	Monografia
Note generali	Description based upon print version of record.
Nota di bibliografia	Includes bibliographical references.
Nota di contenuto	Contents; I. Introduction; II. The Econometric Model; A. Specification and Identification Strategy; B. Block Structure, Variables, and Data; C. Estimation Issues; III. The Role of U.S. Demand and Other External Shocks in Mexican Output Fluctuations..; Tables; 1. Variance Decomposition of Mexican Real Output: Post-NAFTA Period; 2. Size of the Shocks and Output Response in Mexico: Post-NAFTA; Figures; 1. Response of Real Output to a U.S. Industrial Production Shock; 3. Variance Decomposition of Mexican Real Output: Post-NAFTA Period (Using U.S. GDP as a Proxy for U.S. Demand) 4. Variance Decomposition of Mexican Real Output: Post-NAFTA Period (Using U.S. Imports as a Proxy for U.S. Demand)2. Response of Real Output to a U.S. GDP Shock; 5. Variance Decomposition of Mexican Real Output: Post-NAFTA Period (Using U.S. Real Interest Rate as a Proxy for International Financial Conditions); 3. Response of Real Output to a U.S. Imports Shock; 6. Variance Decomposition of Mexican Real Output: Post-NAFTA Period (Using VIX Volatility Index as a Proxy for International Financial Conditions) 7. Variance Decomposition of Mexican Real Output: Post-NAFTA Period (Using Junk Bond Yields as a Proxy for International Financial Conditions)8. Variance Decomposition of Mexican Real Output: 1980Q1-2007Q2; 9. Size of the Shocks and Output Response in Mexico: 1980Q1-2007Q2; 4. Response of Real Output to a U.S. Demand Shock (Post-NAFTA and 1980-2007); IV. Capturing U.S. Demand Linkages to Mexico: Which U.S. Variables Help Explain Fluctuations in Mexican Economic Activity?; A. Bivariate VARs: Variance Decomposition Analysis; B. Synchronization Between the U.S. and Mexican Economies 10. Mexican GDP and U.S. Variables: Bivariate VARs11. Mexican Exports and U.S. Variables: Bivariate VARs; 5. Synchronization Between Mexican GDP and U.S. Variables; 12. Cross Correlations of Mexican GDP and U.S. Variables; 13. Cross Correlations of Mexican Exports and U.S. Variables; 6. Synchronization Between Mexican Exports and U.S. Variables; V. U.S. Shocks and Business Cycle Fluctuations in Mexico: Potential Spillovers and Channels of Transmission; 7. Synchronization Between Mexican GDP (Services) and U.S. Variables; A. Explaining Services Sector GDP, with Unrestricted VAR Models 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. cycle, with a large and rapid impact of U.S. shocks on Mexican growth.