

Essays in applied macroeconomics

Alberto Caruso

Dottorato in Economics
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ABSTRACT

Dipartimento di Economia e Finanza

Relatore Prof. Giuseppe Ragusa



Abstract

In the first chapter I evaluate the effect of macroeconomic "news" (market now-cast errors related to the flow of data releases on macroeconomic fundamentals) on the daily USD/EUR exchange rate. I consider a large number of real-time macroeconomic announcements from both the US and the euro-zone, and the related market expectations as reported by Bloomberg. For the euro-zone I also study country level announcements for the four biggest economies (Germany, France, Italy, Spain). The results for the whole sample (1999-2012) show that both the "news" associated to euro-zone releases and those associated to US ones have a significant impact on the USD/EUR exchange rate. However, the effect of the euro-zone "news" has become larger since the 2008 crisis and it is now more sizeable than that of the US "news".

In the second chapter I study the flow of conjunctural data for the Mexican economy. I reconstruct the flow of releases that are most frequently monitored by market participants, economic commentators and policy makers. Following the literature on nowcasting, I jointly analyse the macroeconomic data in a model that is continuously updated as new data get released. The model can be used to assess the current macroeconomic conditions (predicting the present) of the Mexican economy and to evaluate the importance of each macroeconomic data release. Moreover, it produces forecasts whose accuracy is similar to the one of institutional and judgemental forecasts.