

Table 1: Correlation of Export and Import Prices.

Country	Correlation					
	p_x, p_m	p_x, x	p_m, x	p_x^T, p_m^T	p_x^T, x	p_m^T, x
Belgium	0.94	0.72	0.74	0.91	0.64	0.65
Canada	0.71	0.50	0.92	0.72	0.48	0.86
Switzerland	0.60	0.51	0.83	0.51	0.44	0.86
France	0.90	0.61	0.66	0.89	0.60	0.62
Germany	0.62	0.50	0.85	0.47	0.28	0.84
Italy	0.88	0.68	0.72	0.84	0.65	0.67
Japan	0.85	0.92	0.85	0.84	0.90	0.85
Netherlands	0.94	0.76	0.80	0.92	0.75	0.78
US	0.75	0.46	0.69	0.68	0.46	0.69
Australia	0.57	0.45	0.95	0.00	0.00	0.00
Sweden	0.89	0.60	0.74	0.00	0.00	0.00
UK	0.90	0.61	0.79	0.00	0.00	0.00
MEDIAN	0.87	0.61	0.80	0.70	0.47	0.68

Notes: Prices as defined in the data section. Statistics based on logged & H-P-filtered quarterly time series. Except for T series, which ends in year 2000, the series range from 1980:1 to 2004:2. Sources are listed at the end of the paper.

Table 2: Volatility of Terms of Trade Relative to Real Exchange Rate

Country	Volatility of p relative to x		
	Price index used to construct ^a x		
	CPI all-items	WPI or PPI	None (nominal)
Belgium	0.57	0.70	0.47
Canada	0.56	0.76	0.61
Switzerland	0.71	0.68	0.67
France	0.80	0.74	0.73
Germany	0.83	0.81	0.80
Italy	0.75	0.79	0.77
Japan	0.52	0.54	0.55
Netherlands	0.52	0.49	0.44
US	0.31	0.33	0.28
Australia	0.51	0.54	0.60
Sweden	0.21	0.21	0.37
UK	0.30	0.32	0.37
MEDIAN	0.54	0.61	0.57

We have constructed trade-weighted exchange rates using weights and bilateral exchange rate for the set of 11 trading partners for each country. The trading partners include the countries listed in this table. Statistics are computed from logged H-P-filtered quarterly time-series for the period 1980:1-2000.01. Sources are listed in the appendix at the end.

Table 3: Correlation of Export and Import Prices in the CES Case.

Country	Correlation					
	p_x^{ces}, p_m^{ces}	p_x^{ces}, x	p_m^{ces}, x	p_x^T, p_m^T	p_x^T, x	p_m^T, x
Belgium	0.91	0.64	0.65	0.94	0.71	0.73
Canada	0.72	0.48	0.86	0.77	0.55	0.90
Switzerland	0.51	0.44	0.86	0.67	0.57	0.85
France	0.89	0.60	0.62	0.91	0.61	0.65
Germany	0.47	0.28	0.84	0.70	0.60	0.86
Italy	0.84	0.65	0.67	0.87	0.63	0.69
Japan	0.84	0.90	0.85	0.89	0.93	0.87
Netherlands	0.92	0.75	0.78	0.94	0.78	0.82
US	0.68	0.46	0.69	0.75	0.36	0.68
MEDIAN	0.84	0.60	0.78	0.87	0.61	0.82

Notes: x denotes trade-weighted real exchange rate (from IMF-IFS database). All statistics based on logged & Hodrick-Prescott filtered (with $\lambda = 1600$) quarterly time series for the period 1980:1-2004:2 except for CPI of tradables series which ends in 2000. Sources listed in the Data Appendix.

Table 4: Correlation of Nominal and PPI deflated Export and Import Prices

Country	Correlation					
	EPI, IPI	EPI, e	IPI, e	p_x^{ppi}, p_m^{ppi}	p_x^{ppi}, x	p_m^{ppi}, x
Belgium	0.96	0.77	0.76	0.64	0.72	0.74
Canada	0.65	0.20	0.71	0.42	0.50	0.92
Switzerland	0.72	0.59	0.80	0.40	0.51	0.83
France	0.95	0.71	0.72	0.58	0.61	0.66
Germany	0.87	0.63	0.80	-0.16	0.50	0.85
Italy	0.89	0.62	0.72	0.67	0.68	0.72
Japan	0.88	0.88	0.76	0.77	0.92	0.85
Netherlands	0.95	0.72	0.76	0.90	0.76	0.80
US	0.82	0.13	0.44	0.47	0.46	0.69
Australia	0.53	0.35	0.91	0.56	0.45	0.95
Sweden	0.91	0.54	0.67	0.38	0.60	0.74
UK	0.87	0.34	0.61	0.83	0.61	0.79
MEDIAN	0.88	0.60	0.74	0.57	0.61	0.80

Notes: EPI denotes nominal export price index, IPI denotes nominal import price index, e denotes trade-weighted nominal exchange rate (from IMF-IFS database), x denotes analogous real exchange rate. All statistics based on logged & Hodrick-Prescott filtered (with $\lambda = 1600$) quarterly time series for the period 1980:1-2004:2 except for CPI of tradables series which ends in 2000. Sources listed in the Data Appendix.