

Note on the Effective Exchange Rate Index Forecast

August 2019

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The forecast identity for the real U.S. dollar effective exchange rate broad index was updated. The new identity incorporates the latest bilateral exchange rate weights from the BIS. The new identity also incorporates the currency of Algeria.

New equation specification

$$\begin{aligned} @IDENTITY \text{ DLOG}(\text{FTFXIUSA_US}) &= \text{DLOG}(\text{FCPIU_US}) - 0 + 0.004256155066 * \text{DLOG}(\text{FTFXIUSA_IARE} / \\ &\text{FCPI_IARE}) + 0.002917256988 * \text{DLOG}(\text{FTFXIUSA_IARG} / \text{FCPI_IARG}) + 0.007040570708 * \text{DLOG}(1 / \\ &\text{FTFXIUSA_IAUS} / \text{FCPI_IAUS}) + 0.0004676532553 * \text{DLOG}(\text{FTFXIUSA_IBGR} / \text{FCPI_IBGR}) + 0.01346672515 \\ &* \text{DLOG}(\text{FTFXIUSA_IBRA} / \text{FCPI_IBRA}) + 0.1162736665 * \text{DLOG}(\text{FTFXIUSA_ICAN} / \text{FCPI_ICAN}) + \\ &0.0166059766 * \text{DLOG}(\text{FTFXIUSA_ICHE} / \text{FCPI_ICHE}) + 0.003332079987 * \text{DLOG}(\text{FTFXIUSA_ICHL} / \\ &\text{FCPI_ICHL}) + 0.2323154391 * \text{DLOG}(\text{FTFXIUSA_ICHN} / \text{FCPI_ICHN}) + 0.002835874314 * \\ &\text{DLOG}(\text{FTFXIUSA_ICOL} / \text{FCPI_ICOL}) + 0.004236217999 * \text{DLOG}(\text{FTFXIUSA_ICZE} / \text{FCPI_ICZE}) + \\ &0.003451645455 * \text{DLOG}(\text{FTFXIUSA_IDNK} / \text{FCPI_IDNK}) + 0.0004615911622 * \text{DLOG}(\text{FTFXIUSA_IDZA} / \\ &\text{FCPI_IDZA}) + 0.032306392 * \text{DLOG}(1 / \text{FTFXIUSA_IGBR} / \text{FCPI_IGBR}) + 0.002656382036 * \\ &\text{DLOG}(\text{FTFXIUSA_IHKG} / \text{FCPI_IHKG}) + 0.0003195146992 * \text{DLOG}(\text{FTFXIUSA_IHRV} / \text{FCPI_IHRV}) + \\ &0.003385543175 * \text{DLOG}(\text{FTFXIUSA_IHUN} / \text{FCPI_IHUN}) + 0.007199016945 * \text{DLOG}(\text{FTFXIUSA_IIDN} / \\ &\text{FCPI_IIDN}) + 0.02051943222 * \text{DLOG}(\text{FTFXIUSA_IIND} / \text{FCPI_IIND}) + 0.009856350025 * \\ &\text{DLOG}(\text{FTFXIUSA_IISR} / \text{FCPI_IISR}) + 0.07031686719 * \text{DLOG}(\text{FTFXIUSA_IJPN} / \text{FCPI_IJPN}) + 0.03798467268 \\ &* \text{DLOG}(\text{FTFXIUSA_IKOR} / \text{FCPI_IKOR}) + 0.1323560754 * \text{DLOG}(\text{FTFXIUSA_IMEX} / \text{FCPI_IMEX}) + \\ &0.01403781651 * \text{DLOG}(\text{FTFXIUSA_IMYS} / \text{FCPI_IMYS}) + 0.001982753125 * \text{DLOG}(\text{FTFXIUSA_INOR} / \\ &\text{FCPI_INOR}) + 0.001327325744 * \text{DLOG}(1 / \text{FTFXIUSA_INZL} / \text{FCPI_INZL}) + 0.001944009358 * \\ &\text{DLOG}(\text{FTFXIUSA_IPER} / \text{FCPI_IPER}) + 0.005183008344 * \text{DLOG}(\text{FTFXIUSA_IPHL} / \text{FCPI_IPHL}) + \\ &0.005103242437 * \text{DLOG}(\text{FTFXIUSA_IPOL} / \text{FCPI_IPOL}) + 0.001606058107 * \text{DLOG}(\text{FTFXIUSA_IROU} / \\ &\text{FCPI_IROU}) + 0.005566930859 * \text{DLOG}(\text{FTFXIUSA_IRUS} / \text{FCPI_IRUS}) + 0.004831641139 * \\ &\text{DLOG}(\text{FTFXIUSA_ISAU} / \text{FCPI_ISAU}) + 0.01144584439 * \text{DLOG}(\text{FTFXIUSA_ISGP} / \text{FCPI_ISGP}) + \\ &0.00591022637 * \text{DLOG}(\text{FTFXIUSA_ISWE} / \text{FCPI_ISWE}) + 0.01274937492 * \text{DLOG}(\text{FTFXIUSA_ITHA} / \\ &\text{FCPI_ITHA}) + 0.005204607147 * \text{DLOG}(\text{FTFXIUSA_ITUR} / \text{FCPI_ITUR}) + 0.02191872155 * \\ &\text{DLOG}(\text{FTFXIUSA_ITWN} / \text{FCPI_ITWN}) + 0.003487723419 * \text{DLOG}(\text{FTFXIUSA_IVEN} / \text{FCPI_IVEN}) + \\ &0.003589967705 * \text{DLOG}(\text{FTFXIUSA_IZAF} / \text{FCPI_IZAF}) + 0.1695496501 * \text{DLOG}(1 / \text{FTFXIUSA_QIEUZN} / \\ &\text{FCPI_QIEUZN}) \end{aligned}$$

Mnemonics referenced in the above equation, for example FET, can be defined using the Mnemonic 411 feature on DataBuffet. Please contact Help@economy.com for assistance.

Previous equation specification

@IDENTITY DLOG(FTFXTW\$ _US) = DLOG(FCPIU _US) - 0 + 0.003799183141 * DLOG(FTFXIUSA_IARE / FCPI_IARE) + 0.003240726461 * DLOG(FTFXIUSA_IARG / FCPI_IARG) + 0.008761698419 * DLOG(1 / FTFXIUSA_IAUS / FCPI_IAUS) + 0.0004211168438 * DLOG(FTFXIUSA_IBGR / FCPI_IBGR) + 0.01599810367 * DLOG(FTFXIUSA_IBRA / FCPI_IBRA) + 0.1289922748 * DLOG(FTFXIUSA_ICAN / FCPI_ICAN) + 0.01539689427 * DLOG(FTFXIUSA_ICHE / FCPI_ICHE) + 0.004674992187 * DLOG(FTFXIUSA_ICHL / FCPI_ICHL) + 0.2167182138 * DLOG(FTFXIUSA_ICHN / FCPI_ICHN) + 0.003635193406 * DLOG(FTFXIUSA_ICOL / FCPI_ICOL) + 0.004123824458 * DLOG(FTFXIUSA_ICZE / FCPI_ICZE) + 0.003570687133 * DLOG(FTFXIUSA_IDNK / FCPI_IDNK) + 0.03060212589 * DLOG(1 / FTFXIUSA_IGBR / FCPI_IGBR) + 0.003276419444 * DLOG(FTFXIUSA_IHKG / FCPI_IHKG) + 0.0003187382278 * DLOG(FTFXIUSA_IHRV / FCPI_IHRV) + 0.002782968103 * DLOG(FTFXIUSA_IHUN / FCPI_IHUN) + 0.007879755695 * DLOG(FTFXIUSA_IIDN / FCPI_IIDN) + 0.01917382467 * DLOG(FTFXIUSA_IIND / FCPI_IIND) + 0.01051628692 * DLOG(FTFXIUSA_IISR / FCPI_IISR) + 0.07997973767 * DLOG(FTFXIUSA_IJPN / FCPI_IJPN) + 0.03584929388 * DLOG(FTFXIUSA_IKOR / FCPI_IKOR) + 0.1250678907 * DLOG(FTFXIUSA_IMEX / FCPI_IMEX) + 0.01328023414 * DLOG(FTFXIUSA_IMYS / FCPI_IMYS) + 0.002277122553 * DLOG(FTFXIUSA_INOR / FCPI_INOR) + 0.001288601928 * DLOG(1 / FTFXIUSA_INZL / FCPI_INZL) + 0.002406347599 * DLOG(FTFXIUSA_IPER / FCPI_IPER) + 0.004828031478 * DLOG(FTFXIUSA_IPHL / FCPI_IPHL) + 0.004604792122 * DLOG(FTFXIUSA_IPOL / FCPI_IPOL) + 0.001478157896 * DLOG(FTFXIUSA_IROU / FCPI_IROU) + 0.006430993495 * DLOG(FTFXIUSA_IRUS / FCPI_IRUS) + 0.005287383503 * DLOG(FTFXIUSA_ISAU / FCPI_ISAU) + 0.01300777336 * DLOG(FTFXIUSA_ISGP / FCPI_ISGP) + 0.006754850358 * DLOG(FTFXIUSA_ISWE / FCPI_ISWE) + 0.01213994056 * DLOG(FTFXIUSA_ITHA / FCPI_ITHA) + 0.004838681128 * DLOG(FTFXIUSA_ITUR / FCPI_ITUR) + 0.02216619448 * DLOG(FTFXIUSA_ITWN / FCPI_ITWN) + 0.003501022293 * DLOG(FTFXIUSA_IVEN / FCPI_IVEN) + 0.004730929121 * DLOG(FTFXIUSA_IZAF / FCPI_IZAF) + 0.1661989942 * DLOG(1 / FTFXIUSAQ_IEUZN / FCPIH_IEUZN)

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