

Outline - Short Course on Analyzing International Economic Data

Course goals: Skill development in economic data analysis that is applicable to future studies and professional demands.

The curriculum aims to:

- 1) Provide hands on experience using internet data sources, specifying queries and downloading and manipulating international economic data.
- 2) Expose students to sources, terminology, and definitions unique to analyzing international economic data.
- 3) Provide instruction on the overarching trends in economic growth, global commerce, trade and investment over the past 35 years that give a context for more narrowly focused topical research.
- 4) Offer an opportunity use international economic data to research and expand their understanding of a specific policy issue or international business trend.

Grading: Class project, (I have several ideas, let's discuss)
Weekly quiz, but not scored.

Course materials:

- *Behind the Numbers: U.S. Trade in the World Economy*. Anne Y. Kester, Editor
- *World Trade Report 2006: Subsidies, Trade and the WTO*

Reference

International Economics text book such as

Appleyard &Field. "International Economics"

Session I - Basics of International economic Data

- A) Discussion of international economic data that is often cited in the media, policy, and political discussions and some general applications of the data.

Examples: Monthly Releases from U.S. statistical agencies
Use by Wall Street, Bond, and FX traders
Political discussion of trade and investment in
Congress
ITC reports involved regarding trade disputes
Academic research employing data to explain global
economic issues

- B) Official Definitions of International Economic Data

Current Account: the net balance of a country's international payment arising from exports and imports together with unilateral transfers such as aid and migrant remittances. It excludes capital flows.

International trade: exchange of goods and services across international borders.

So, a transaction between buyer and seller in two geographic areas separated by an international border. Measured as a flow over time (as opposed to a stock).

Capital Account: the part of the balance of payments that records a nation's incoming and outgoing investment flows, such as payments for parts of or entire companies (direct or portfolio investment), stocks, bonds, bank accounts, real estate and factories. The balance of payments is influenced by many factors, including the financial and economic climate of other countries

- Value - Volume - duties collected (implied price and tariff rates)
- Standard Units
- Period
- Currency = almost always dollars, what does that mean
- Other Terminology

- Flow, not stock (example of both)
- Reporter - Partner: (examples of sub-national, can be grouping)
- Frequency (M, Q, A) - Use in what circumstances
- Product/Commodity group
- Mirror flows
- Services Trade (4 modes)

Brings in FDI, Tourism/Travel for Services, and ICT
delivery of Services, and temporary movement of labor

Session II - Sources of Trade Data – (Including the ugly aspects of working with trade data)

Data basics

- How data is collected - Customs units, Statistical agencies, Disseminating agencies
- What is the collection instrument? - How it impacts quality of data
- Well known International Data sources/distribution institutions
 - IMF Direction of Trade - country aggregates w/ bilateral partners - no product data
 - UN Comtrade - Slow but very detailed
 - World Bank - Aggregates only
- Internet sources and tools
 - USITC
 - OECD
 - Eurotrade

Session III

A) Basic economics that move trade and investment data?

- Relation with GDP growth
- Relation with prices and exchange rates
- Policy?
- Investment?

What does growth of IM, EX, and Balances imbalances mean, given the above?

B) Trade & Investment Trends post Fix Exchange rate - Big Picture Historical approach

- Trade growth vis-a-visa GDP
- Trade versus FDI and Portfolio investment
- Industrial versus developing
- Commodity and Ag versus manufactures
- Infra-firm versus national products and trade in product spectrum

Session 4: Applied Analysis of International Economic Data

A) Examples of Geographic Analysis

Illustrative Topics:

- Currency issues and trade data in Brazil, Russia, and Asian Crisis
- Policy impacts: regional trade in blocks

B) Examples of Commodity/Sector Analysis

Illustrative Topics:

- Petroleum price and production trends
- AG price trends
- High tech
- Sectoral trade patterns in Autos

C) Bilateral Analysis - Describing the nature of a countries commercial relationship. Include all parts of the capital and current account

Hints for Class project

Recommendations in conducting and presenting analysis:

- 1) Internet search on what is available describing trends or snapshot ?
- 2) What topics are of interest to media?
- 3) breakup analysis and communication
- 4) look at longer times series then interval being studied
- 5) use simple graphs focus on trend/features that are focus of prose.

Common presentational approaches:

1. Time series - lines for EX, XM, (good for trend and high frequency)
2. Maps and Arrow flows (relative size, time static)
3. Cross sectional presentation (countries, commodities)

4. Comparing two data types with bars to demonstrate relationship