`README.pdf` – Naming conventions and data used.

All data are quarterly. For a given variable X, we define LX = 100*LN(X), where LN() stands for the natural logarithm function. Thus,

- LGDP = 100*LN(GDP)
- LCPI = 100*LN(CPI)
- LCPICORE = 100*LN(Core CPI)

Furthermore,

- PIE_t = 4*(LCPICORE_t - LCPICORE_t-1) i.e. quarter-over-quarter CORE inflation at an annual rate
- PIE4_t = LCPICORE_t - LCPICORE_t-4 i.e. year-over-year CORE inflation rate
- PIEHL_t = 4*(LCPI_t - LCPI_t-1) i.e. quarter-over-quarter HEADLINE inflation at an annual rate
- PIEHL4_t = LCPI_t - LCPI_t-4 i.e. year-over-year HEADLINE inflation rate
- PIELTE are long - term inflation expectations, in percentage points, from Consensus Forecasts
- UNR is the unemployment rate, in percentage points
- CAPU is capacity utilization, in percent of total
- P is the labor force participation rate, in percent of working-age population (16+ yrs)
- LF is the labor force, in thousands of persons

Data on output, inflation, capacity utilization and unemployment are widely available from different sources, such as Haver and Datastream. Data on labor force and labor force participation comes from BLS's household survey. Twice a year, Consensus Forecasts provides data on inflation expecations 6-10 years into the future for many countries. We use the cubic spline method to interpolate these data down to a quarterly frequency.