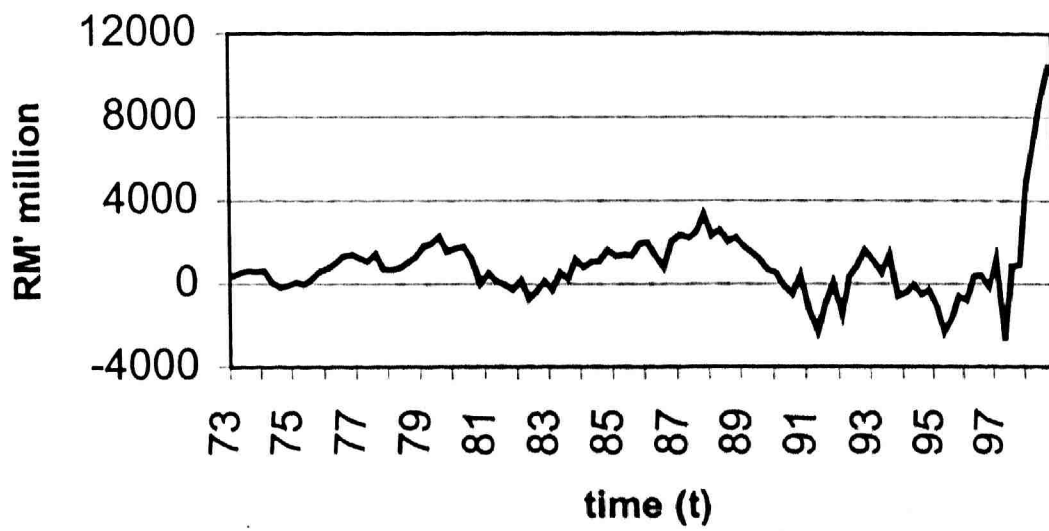


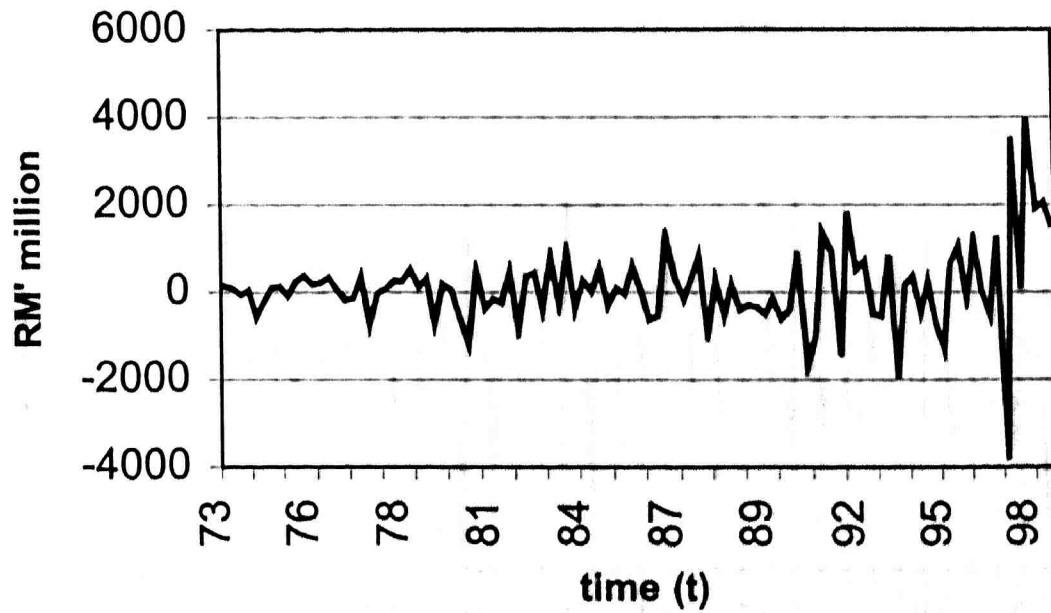
APPENDIX 1

PLOTS

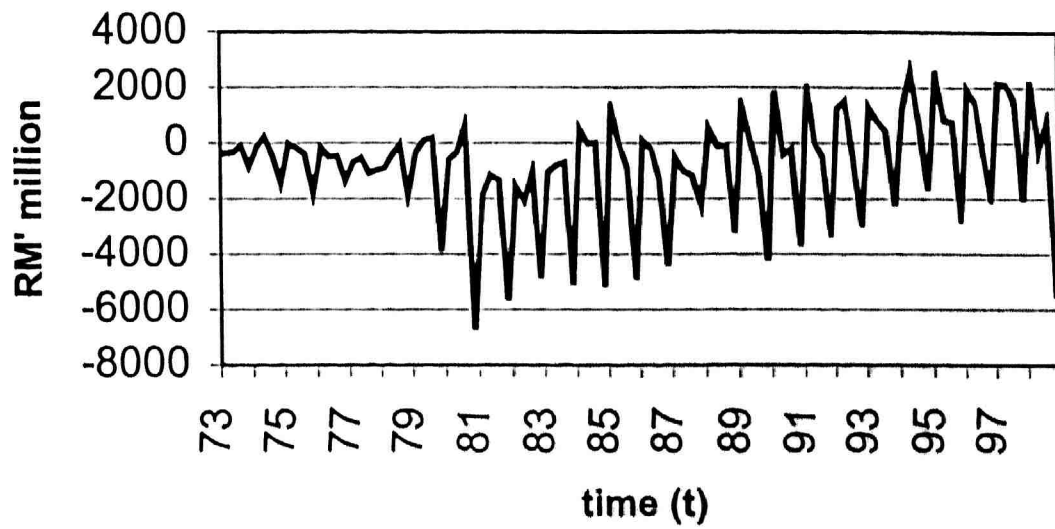
Plot of Trade balance (TB)



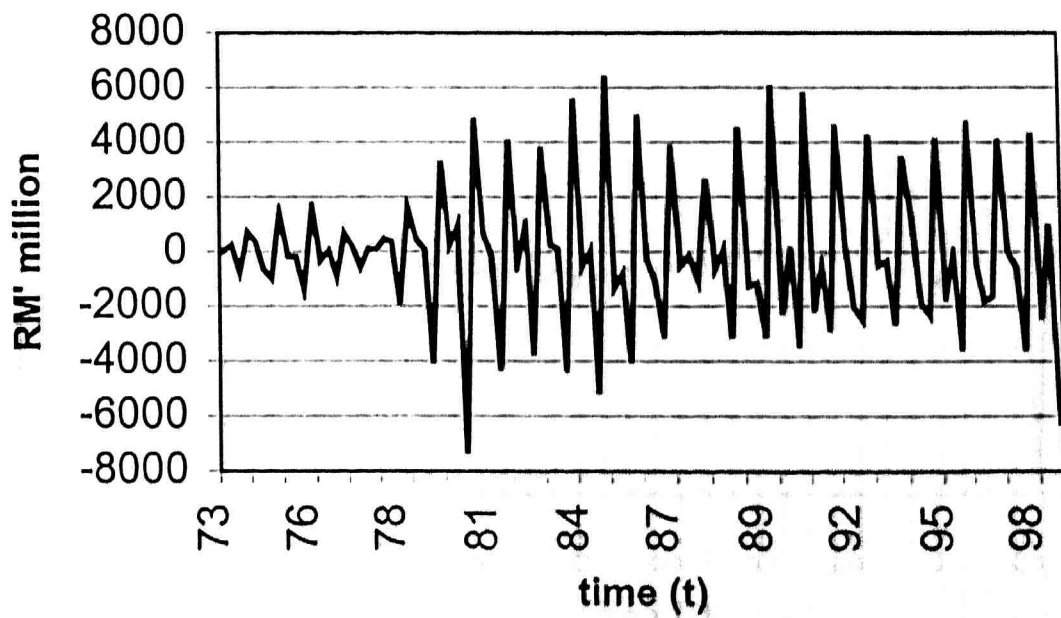
Plot of TB at first differenced

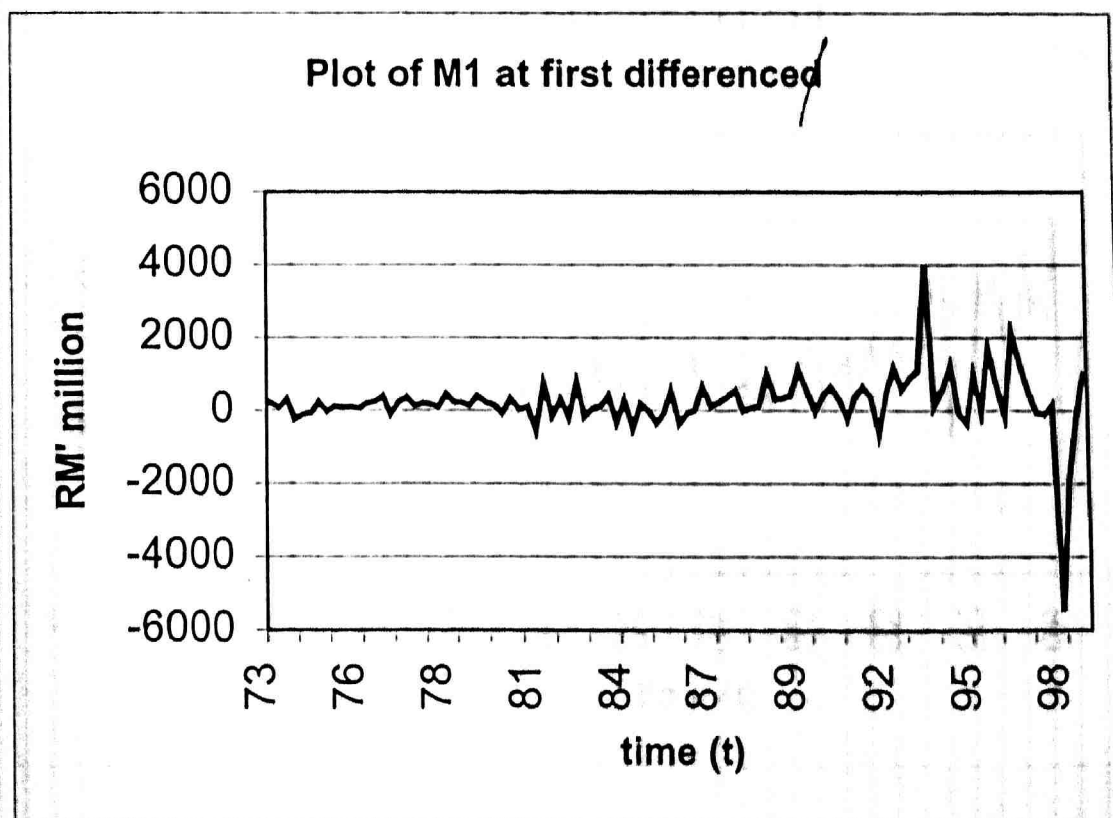
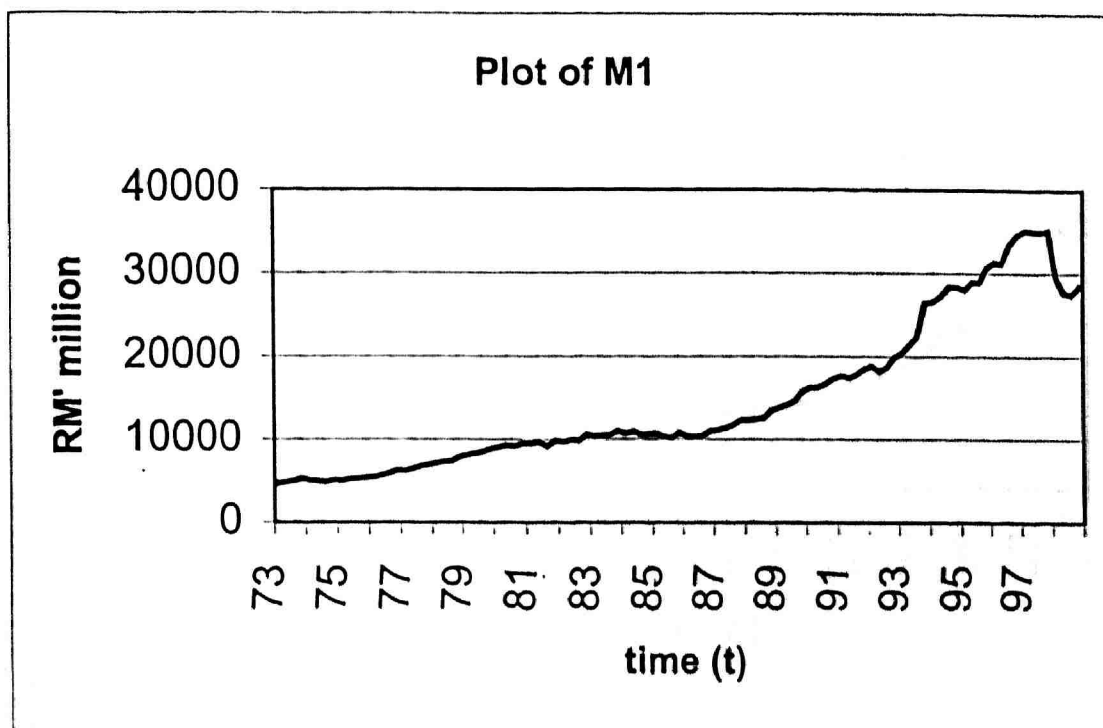


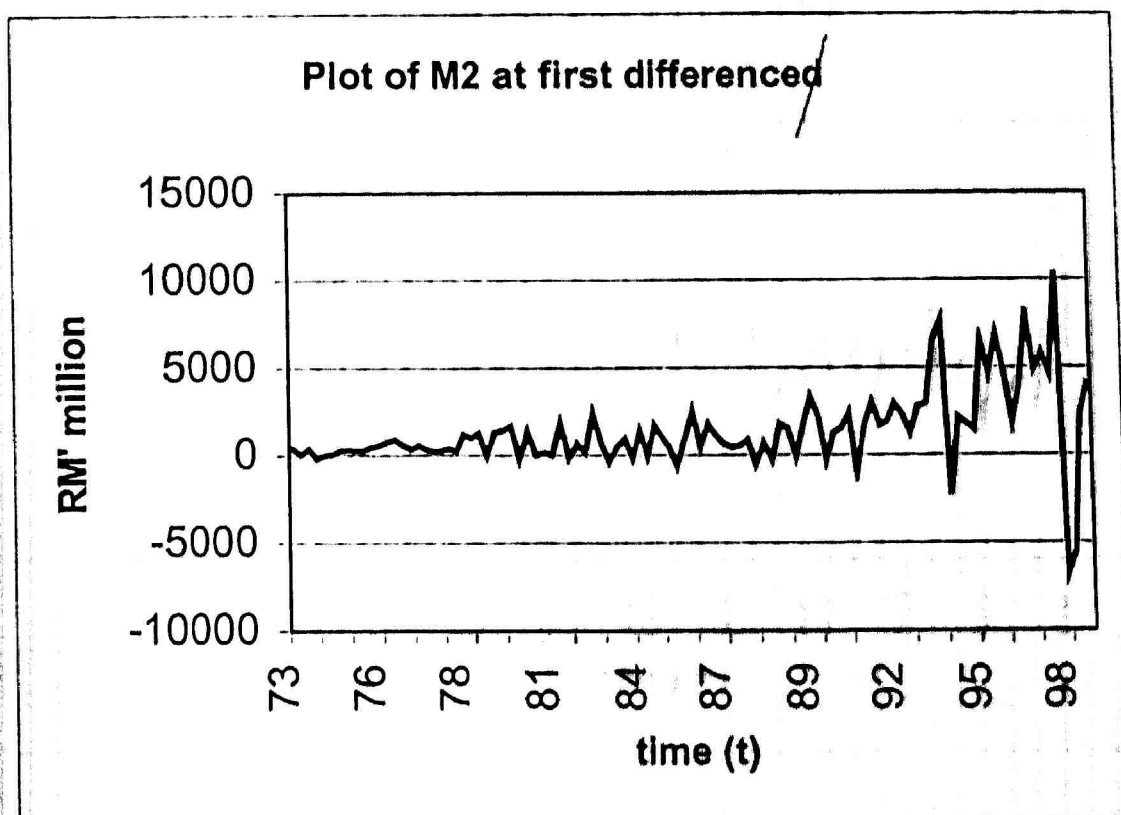
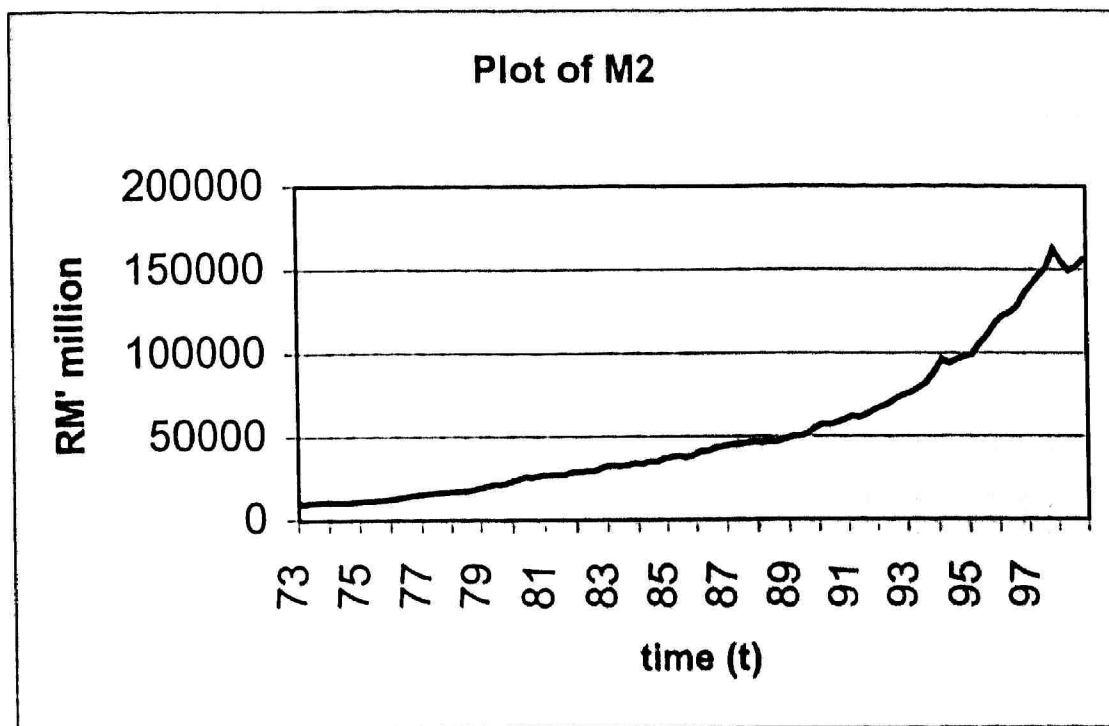
Plot of Fiscal Balance (FB)



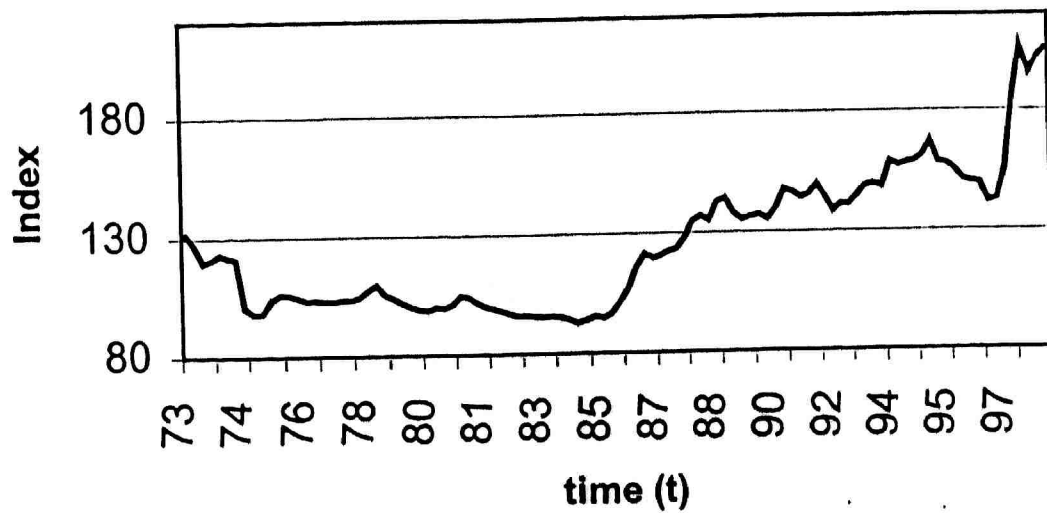
Plot of FB at first differenced



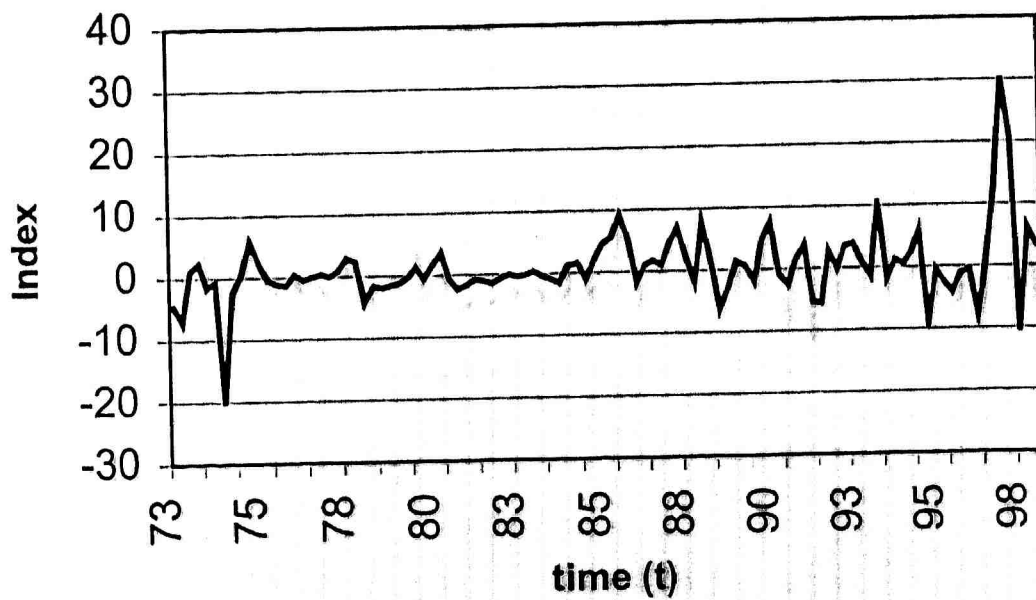


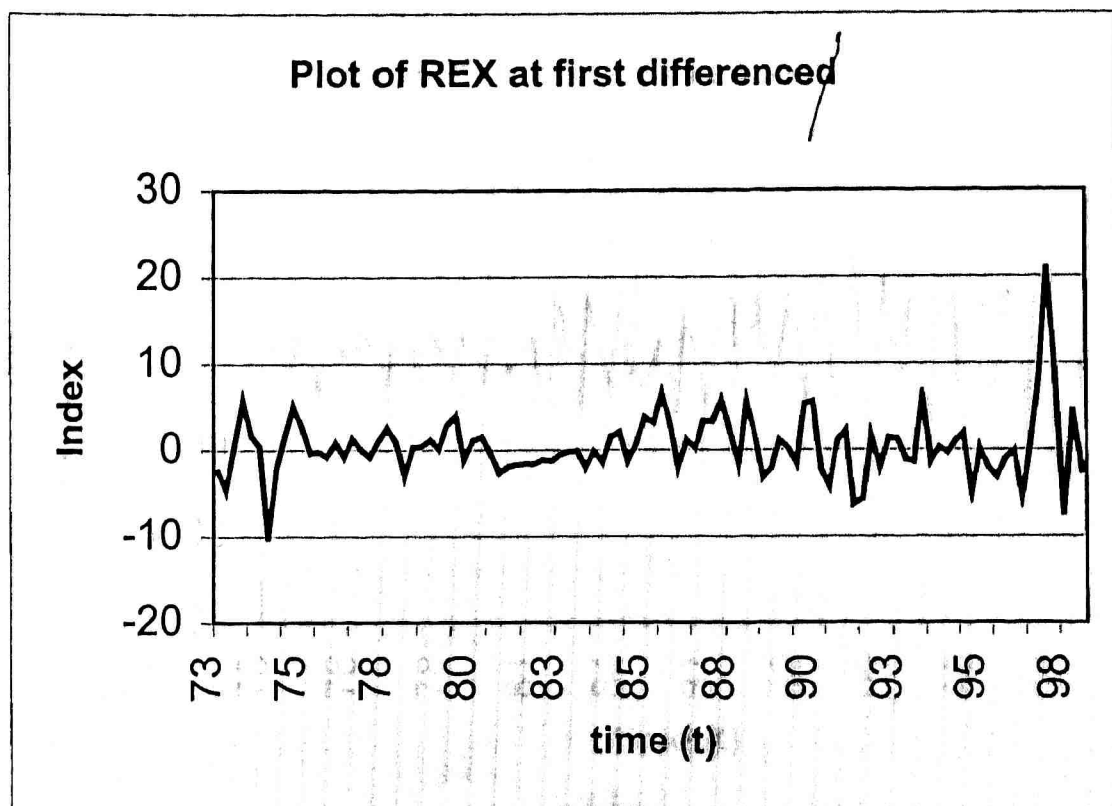
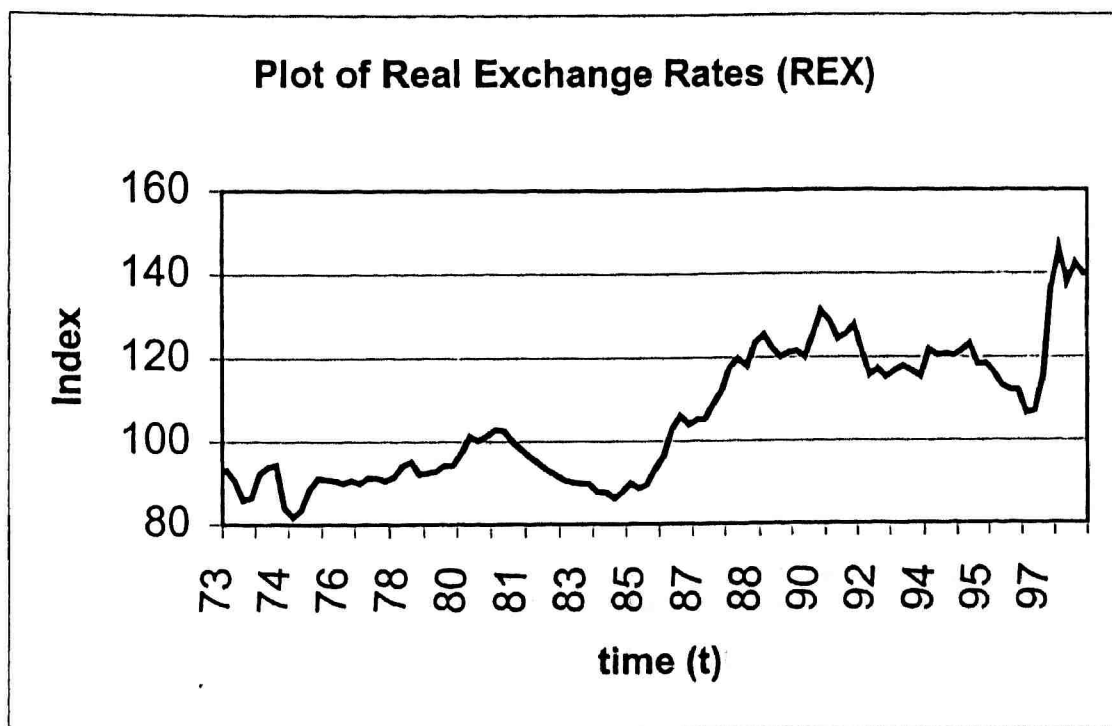


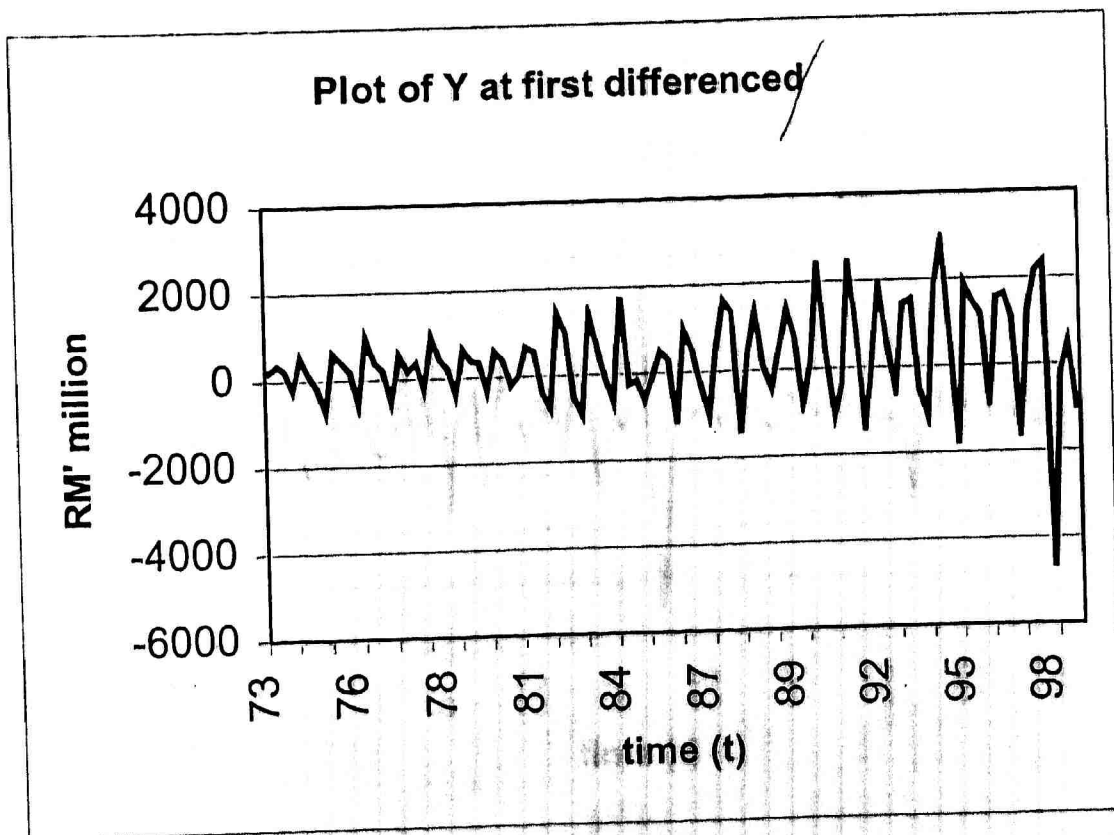
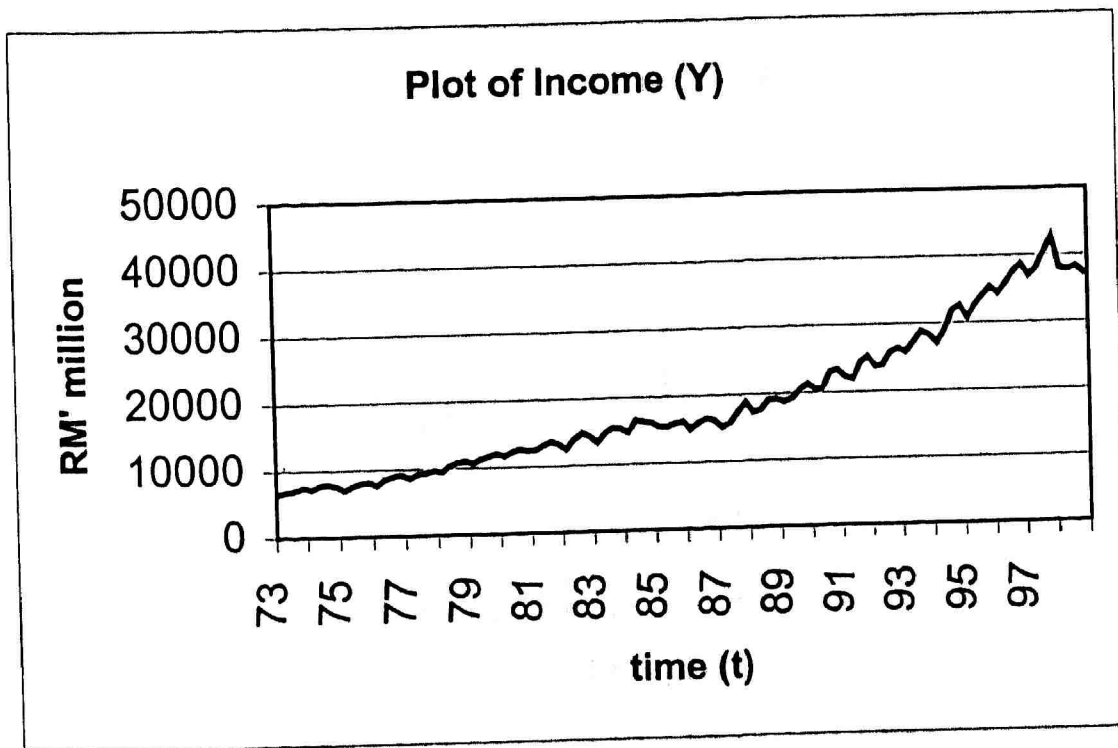
Plot of Nominal Exchange Rates (NEX)



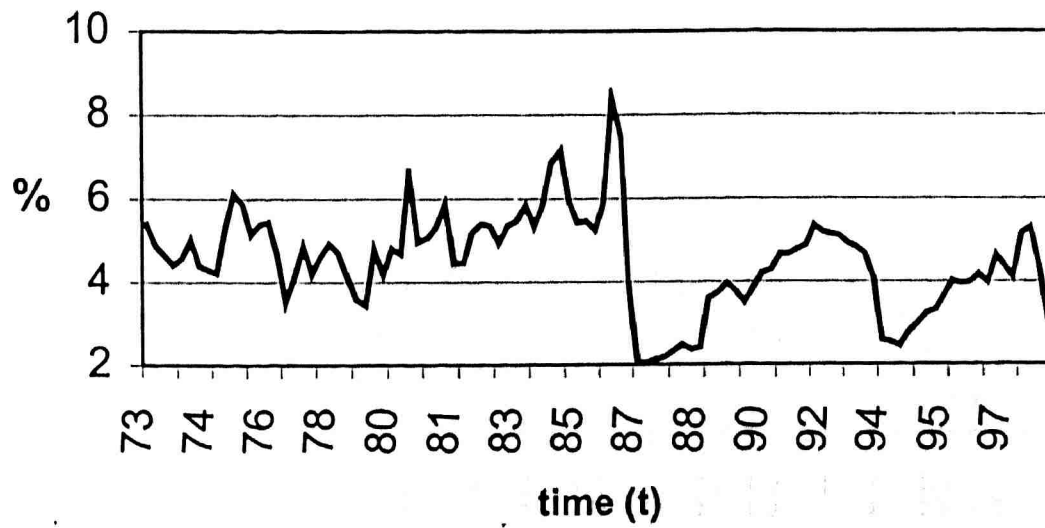
Plot of NEX at first differenced



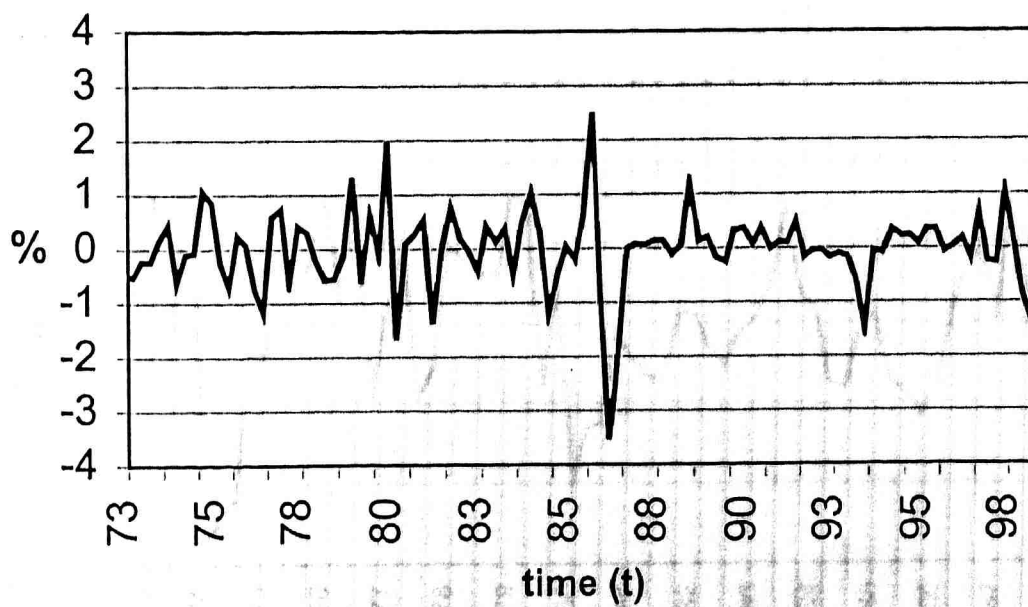




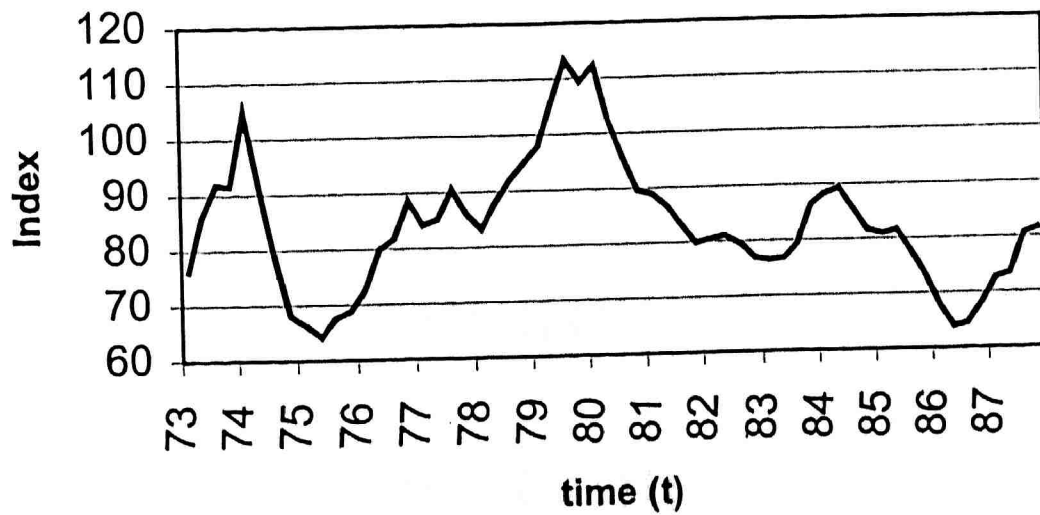
Plot of Interest Rates (R)



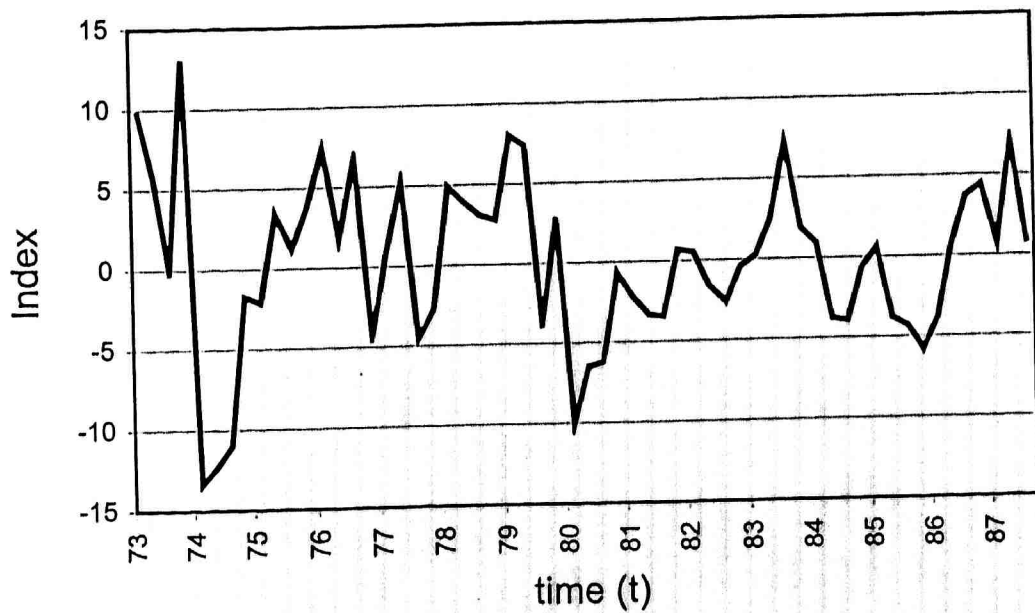
Plot of R at first differenced



Plot of Terms of trade (TOT)



Plot of TOT at first differenced



APPENDIX 2

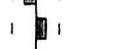
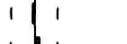
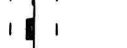
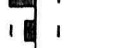
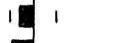
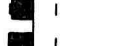
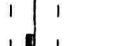
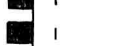
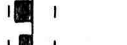
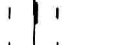
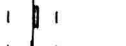
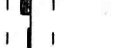
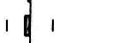
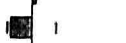
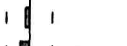
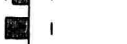
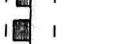
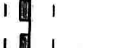
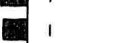
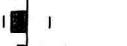
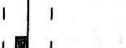
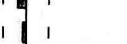
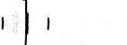
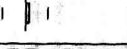
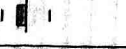
CORRELOGRAMS

Correlogram of TB

Date: 11/04/99 Time: 10:36

Sample: 1973:1 1998:4

Included observations: 104

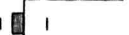
Autocorrelation	Partial Correlation	AC	PAC	Q-Stat	Prob	
		1	0.723	0.723	55.902	0.000
		2	0.525	0.006	85.707	0.000
		3	0.303	-0.164	95.743	0.000
		4	0.122	-0.091	97.386	0.000
		5	0.048	0.084	97.644	0.000
		6	-0.017	-0.038	97.676	0.000
		7	0.047	0.174	97.930	0.000
		8	-0.012	-0.208	97.948	0.000
		9	-0.059	-0.081	98.352	0.000
		10	-0.119	-0.055	100.03	0.000
		11	-0.173	-0.000	103.56	0.000
		12	-0.197	-0.061	108.21	0.000
		13	-0.208	-0.003	113.46	0.000
		14	-0.178	-0.056	117.33	0.000
		15	-0.142	0.030	119.84	0.000
		16	-0.099	0.007	121.07	0.000
		17	-0.128	-0.146	123.15	0.000
		18	-0.114	0.030	124.80	0.000
		19	-0.092	0.045	125.91	0.000
		20	-0.074	-0.016	126.63	0.000
		21	-0.019	0.041	126.68	0.000
		22	-0.047	-0.165	126.98	0.000
		23	-0.037	-0.031	127.16	0.000
		24	-0.078	-0.021	128.01	0.000
		25	-0.136	-0.107	130.60	0.000
		26	-0.192	-0.137	135.79	0.000
		27	-0.222	-0.008	142.81	0.000
		28	-0.210	-0.079	149.22	0.000
		29	-0.222	-0.066	156.49	0.000
		30	-0.201	-0.066	162.52	0.000
		31	-0.134	0.056	165.22	0.000
		32	-0.078	0.006	166.14	0.000
		33	-0.072	-0.095	166.95	0.000
		34	-0.029	0.007	167.09	0.000
		35	0.021	0.044	167.16	0.000
		36	0.037	-0.068	167.38	0.000

Correlogram of FB

Date: 11/04/99 Time: 10:34

Sample: 1973:1 1998:4

Included observations: 104

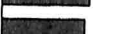
Autocorrelation	Partial Correlation	AC	PAC	Q-Stat	Prob
		1 -0.064	-0.064	0.4345	0.510
		2 -0.052	-0.056	0.7267	0.695
		3 -0.070	-0.078	1.2688	0.737
		4 0.834	0.832	78.015	0.000
		5 -0.093	-0.119	78.976	0.000
		6 -0.124	-0.236	80.704	0.000
		7 -0.098	-0.051	81.798	0.000
		8 0.728	0.162	142.71	0.000
		9 -0.122	-0.046	144.45	0.000
		10 -0.124	0.111	146.24	0.000
		11 -0.089	0.056	147.19	0.000
		12 0.675	0.066	201.81	0.000
		13 -0.153	-0.124	204.63	0.000
		14 -0.136	-0.053	206.88	0.000
		15 -0.092	-0.008	207.92	0.000
		16 0.624	0.075	256.70	0.000
		17 -0.190	-0.055	261.26	0.000
		18 -0.159	-0.041	264.50	0.000
		19 -0.110	-0.067	266.07	0.000
		20 0.597	0.101	312.88	0.000
		21 -0.209	-0.008	318.70	0.000
		22 -0.159	0.016	322.08	0.000
		23 -0.117	-0.039	323.95	0.000
		24 0.530	-0.150	362.68	0.000
		25 -0.214	0.009	369.08	0.000
		26 -0.172	0.018	373.26	0.000
		27 -0.154	-0.126	376.67	0.000
		28 0.442	-0.110	405.00	0.000
		29 -0.241	-0.007	413.52	0.000
		30 -0.177	0.007	418.21	0.000
		31 -0.172	-0.021	422.68	0.000
		32 0.390	0.006	445.97	0.000
		33 -0.259	-0.051	456.36	0.000
		34 -0.164	-0.016	460.57	0.000
		35 -0.143	0.092	463.82	0.000
		36 0.371	0.044	486.14	0.000

Correlogram of M1

Date: 11/04/99 Time: 10:35

Sample: 1973:1 1998:4

Included observations: 104

Autocorrelation	Partial Correlation	AC	PAC	Q-Stat	Prob
		1 0.978	0.978	102.36	0.000
		2 0.955	-0.034	200.90	0.000
		3 0.930	-0.055	295.27	0.000
		4 0.901	-0.111	384.68	0.000
		5 0.860	-0.267	467.07	0.000
		6 0.820	-0.018	542.67	0.000
		7 0.780	0.015	611.78	0.000
		8 0.740	0.019	674.58	0.000
		9 0.698	0.010	731.13	0.000
		10 0.659	0.017	781.99	0.000
		11 0.622	0.040	827.87	0.000
		12 0.584	-0.069	868.80	0.000
		13 0.545	-0.070	904.83	0.000
		14 0.508	-0.021	936.44	0.000
		15 0.471	-0.048	963.88	0.000
		16 0.435	0.041	987.59	0.000
		17 0.397	-0.058	1007.6	0.000
		18 0.361	0.015	1024.3	0.000
		19 0.329	0.060	1038.4	0.000
		20 0.298	-0.002	1050.0	0.000
		21 0.266	-0.031	1059.4	0.000
		22 0.242	0.109	1067.3	0.000
		23 0.219	-0.016	1073.8	0.000
		24 0.198	-0.012	1079.2	0.000
		25 0.176	-0.043	1083.5	0.000
		26 0.156	-0.050	1087.0	0.000
		27 0.138	-0.020	1089.7	0.000
		28 0.118	-0.047	1091.7	0.000
		29 0.097	-0.006	1093.1	0.000
		30 0.078	0.006	1094.0	0.000
		31 0.060	0.011	1094.6	0.000
		32 0.041	0.009	1094.8	0.000
		33 0.023	-0.031	1094.9	0.000
		34 0.006	-0.001	1094.9	0.000
		35 -0.011	-0.024	1094.9	0.000
		36 -0.026	-0.015	1095.0	0.000

Correlogram of M2

Date: 11/04/99 Time: 10:35

Sample: 1973:1 1998:4

Included observations: 104

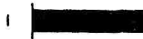
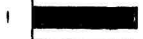
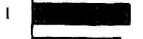
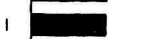
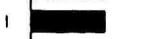
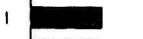
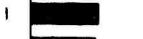
Autocorrelation	Partial Correlation	AC	PAC	Q-Stat	Prob
		1 0.963	0.963	99.326	0.000
		2 0.927	-0.016	192.18	0.000
		3 0.890	-0.021	278.70	0.000
		4 0.849	-0.086	358.14	0.000
		5 0.802	-0.106	429.69	0.000
		6 0.759	0.032	494.42	0.000
		7 0.717	-0.005	552.77	0.000
		8 0.676	0.006	605.23	0.000
		9 0.636	-0.013	652.18	0.000
		10 0.600	0.011	694.33	0.000
		11 0.564	-0.008	732.07	0.000
		12 0.529	-0.026	765.61	0.000
		13 0.495	-0.008	795.32	0.000
		14 0.464	0.007	821.69	0.000
		15 0.434	0.005	845.06	0.000
		16 0.407	0.012	865.82	0.000
		17 0.379	-0.031	884.04	0.000
		18 0.352	-0.020	899.92	0.000
		19 0.325	-0.015	913.65	0.000
		20 0.296	-0.051	925.19	0.000
		21 0.271	0.030	934.94	0.000
		22 0.248	0.023	943.23	0.000
		23 0.227	0.004	950.25	0.000
		24 0.207	-0.002	956.13	0.000
		25 0.187	-0.031	960.99	0.000
		26 0.167	-0.011	964.94	0.000
		27 0.149	-0.001	968.13	0.000
		28 0.132	-0.005	970.64	0.000
		29 0.115	-0.007	972.58	0.000
		30 0.099	0.004	974.04	0.000
		31 0.084	-0.009	975.11	0.000
		32 0.068	-0.032	975.81	0.000
		33 0.052	-0.012	976.24	0.000
		34 0.038	-0.009	976.46	0.000
		35 0.023	-0.003	976.55	0.000
		36 0.009	-0.010	976.56	0.000

Correlogram of NEX

Date: 11/04/99 Time: 10:35

Sample: 1973:1 1998:4

Included observations: 104

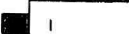
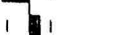
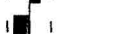
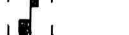
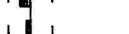
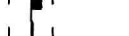
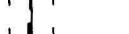
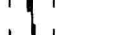
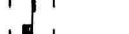
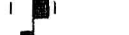
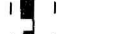
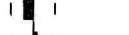
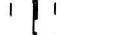
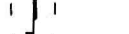
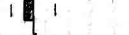
Autocorrelation	Partial Correlation	AC	PAC	Q-Stat	Prob	
		1	0.939	0.939	94.381	0.000
		2	0.869	-0.113	175.91	0.000
		3	0.806	0.033	246.73	0.000
		4	0.732	-0.133	305.86	0.000
		5	0.679	0.151	357.22	0.000
		6	0.655	0.179	405.48	0.000
		7	0.646	0.114	452.89	0.000
		8	0.640	0.001	499.98	0.000
		9	0.629	-0.065	545.88	0.000
		10	0.620	0.070	590.97	0.000
		11	0.608	0.036	634.74	0.000
		12	0.585	-0.024	675.69	0.000
		13	0.561	-0.012	713.81	0.000
		14	0.538	-0.020	749.25	0.000
		15	0.505	-0.078	780.81	0.000
		16	0.476	0.032	809.25	0.000
		17	0.448	-0.051	834.68	0.000
		18	0.420	-0.011	857.24	0.000
		19	0.388	-0.093	876.74	0.000
		20	0.352	-0.068	892.98	0.000
		21	0.325	0.045	906.99	0.000
		22	0.294	-0.068	918.61	0.000
		23	0.266	0.020	928.24	0.000
		24	0.246	-0.026	936.57	0.000
		25	0.229	0.016	943.88	0.000
		26	0.212	-0.010	950.22	0.000
		27	0.200	0.040	955.94	0.000
		28	0.181	-0.066	960.72	0.000
		29	0.151	-0.090	964.08	0.000
		30	0.122	0.005	966.29	0.000
		31	0.094	0.027	967.62	0.000
		32	0.062	-0.052	968.20	0.000
		33	0.025	-0.090	968.30	0.000
		34	-0.000	0.024	968.30	0.000
		35	-0.018	0.022	968.35	0.000
		36	-0.037	-0.006	968.58	0.000

Correlogram of REX

Date: 11/04/99 Time: 10:36

Sample: 1973:1 1998:4

Included observations: 104

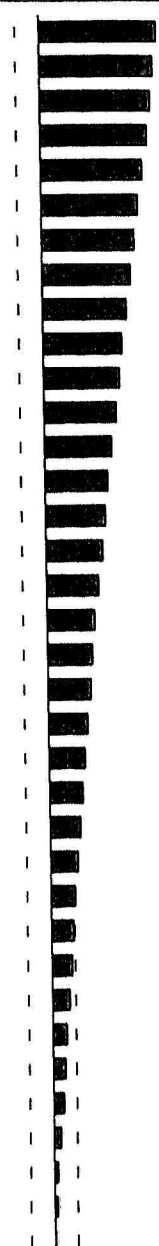
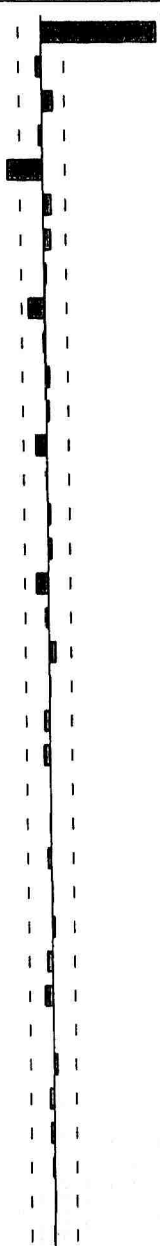
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		2	0.868	-0.231	176.91	0.000
		3	0.801	0.096	246.91	0.000
		4	0.729	-0.139	305.43	0.000
		5	0.672	0.163	355.68	0.000
		6	0.644	0.156	402.30	0.000
		7	0.630	0.073	447.45	0.000
		8	0.611	-0.093	490.31	0.000
		9	0.586	-0.034	530.19	0.000
		10	0.568	0.095	568.00	0.000
		11	0.548	0.021	603.60	0.000
		12	0.517	-0.077	635.63	0.000
		13	0.487	-0.013	664.40	0.000
		14	0.460	-0.027	690.31	0.000
		15	0.425	-0.036	712.73	0.000
		16	0.393	0.028	732.11	0.000
		17	0.362	-0.081	748.71	0.000
		18	0.332	0.003	762.84	0.000
		19	0.300	-0.060	774.55	0.000
		20	0.269	0.005	784.06	0.000
		21	0.249	0.061	792.28	0.000
		22	0.229	-0.050	799.32	0.000
		23	0.216	0.088	805.64	0.000
		24	0.212	0.006	811.82	0.000
		25	0.209	0.027	817.90	0.000
		26	0.205	0.016	823.82	0.000
		27	0.211	0.134	830.22	0.000
		28	0.211	-0.102	836.67	0.000
		29	0.194	-0.075	842.23	0.000
		30	0.179	0.035	847.00	0.000
		31	0.166	0.030	851.15	0.000
		32	0.145	-0.064	854.36	0.000
		33	0.119	-0.081	856.54	0.000
		34	0.103	0.031	858.22	0.000
		35	0.098	0.037	859.74	0.000
		36	0.086	-0.029	860.94	0.000

Correlogram of Y

Date: 11/04/99 Time: 10:36

Sample: 1973:1 1998:4

Included observations: 104

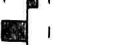
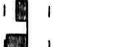
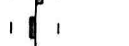
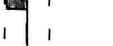
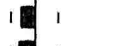
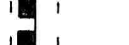
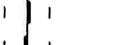
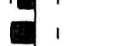
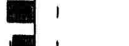
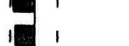
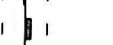
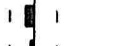
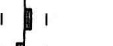
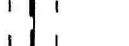
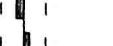
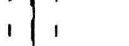
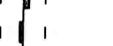
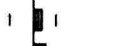
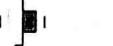
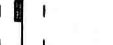
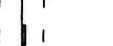
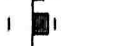
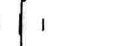
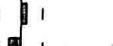
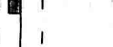
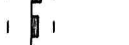
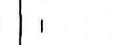
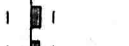
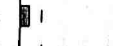
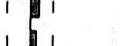
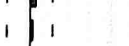
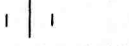
Autocorrelation	Partial Correlation	AC	PAC	Q-Stat	Prob	
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		2	0.936	-0.046	195.19	0.000
		3	0.910	0.094	285.55	0.000
		4	0.883	-0.028	371.56	0.000
		5	0.839	-0.295	449.94	0.000
		6	0.799	0.067	521.71	0.000
		7	0.767	0.061	588.54	0.000
		8	0.737	0.021	650.88	0.000
		9	0.695	-0.132	706.92	0.000
		10	0.655	-0.009	757.28	0.000
		11	0.624	0.040	803.39	0.000
		12	0.595	0.028	845.80	0.000
		13	0.557	-0.089	883.33	0.000
		14	0.520	-0.001	916.48	0.000
		15	0.492	0.031	946.45	0.000
		16	0.467	0.033	973.81	0.000
		17	0.433	-0.095	997.54	0.000
		18	0.399	-0.024	1017.9	0.000
		19	0.374	0.061	1036.1	0.000
		20	0.353	0.015	1052.5	0.000
		21	0.325	-0.036	1066.5	0.000
		22	0.295	-0.041	1078.2	0.000
		23	0.273	0.002	1088.3	0.000
		24	0.253	-0.003	1097.2	0.000
		25	0.227	-0.026	1104.4	0.000
		26	0.201	0.016	1110.1	0.000
		27	0.184	0.026	1114.9	0.000
		28	0.167	-0.049	1118.9	0.000
		29	0.141	-0.058	1121.9	0.000
		30	0.117	0.007	1123.9	0.000
		31	0.101	0.034	1125.5	0.000
		32	0.085	-0.034	1126.6	0.000
		33	0.062	-0.026	1127.2	0.000
		34	0.040	-0.016	1127.4	0.000
		35	0.026	0.014	1127.5	0.000
		36	0.012	-0.003	1127.5	0.000

Correlogram of R

Date: 11/04/99 Time: 10:35

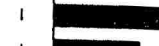
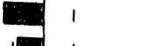
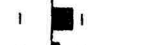
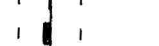
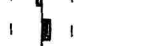
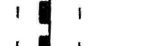
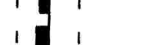
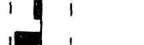
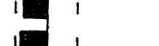
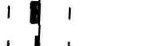
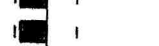
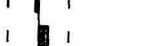
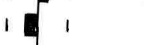
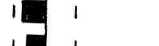
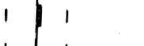
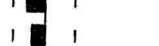
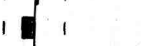
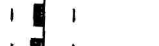
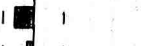
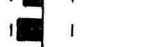
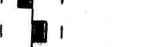
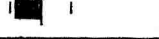
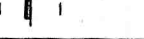
Sample: 1973:1 1998:4

Included observations: 104

Autocorrelation	Partial Correlation	AC	PAC	Q-Stat	Prob	
		1	0.793	0.793	67.276	0.000
		2	0.549	-0.213	99.888	0.000
		3	0.410	0.144	118.25	0.000
		4	0.361	0.094	132.59	0.000
		5	0.250	-0.216	139.57	0.000
		6	0.189	0.187	143.60	0.000
		7	0.146	-0.095	146.03	0.000
		8	0.062	-0.173	146.46	0.000
		9	-0.049	-0.001	146.74	0.000
		10	-0.113	-0.074	148.23	0.000
		11	-0.125	0.026	150.07	0.000
		12	-0.137	-0.018	152.33	0.000
		13	-0.182	-0.130	156.32	0.000
		14	-0.244	-0.081	163.59	0.000
		15	-0.219	0.187	169.52	0.000
		16	-0.172	-0.071	173.21	0.000
		17	-0.149	-0.013	176.00	0.000
		18	-0.141	0.053	178.55	0.000
		19	-0.067	0.065	179.13	0.000
		20	-0.027	-0.058	179.22	0.000
		21	-0.019	0.055	179.27	0.000
		22	-0.009	-0.031	179.28	0.000
		23	0.075	0.123	180.05	0.000
		24	0.110	-0.065	181.71	0.000
		25	0.108	0.008	183.35	0.000
		26	0.107	0.038	184.95	0.000
		27	0.136	-0.011	187.60	0.000
		28	0.155	0.056	191.07	0.000
		29	0.122	-0.105	193.25	0.000
		30	0.083	0.001	194.29	0.000
		31	0.064	0.012	194.90	0.000
		32	0.086	0.089	196.03	0.000
		33	0.077	-0.006	196.96	0.000
		34	0.054	-0.042	197.42	0.000
		35	0.030	0.005	197.57	0.000
		36	0.008	-0.051	197.58	0.000

Correlogram of TOT

Date: 11/04/99 Time: 10:36
Sample: 1973:1 1998:4
Included observations: 60

Autocorrelation	Partial Correlation	AC	PAC	Q-Stat	Prob	
		1	0.895	0.895	50.538	0.000
		2	0.733	-0.344	85.020	0.000
		3	0.534	-0.227	103.66	0.000
		4	0.333	-0.078	111.03	0.000
		5	0.180	0.146	113.22	0.000
		6	0.066	-0.017	113.53	0.000
		7	-0.009	-0.039	113.53	0.000
		8	-0.057	-0.046	113.76	0.000
		9	-0.074	0.074	114.16	0.000
		10	-0.076	-0.021	114.59	0.000
		11	-0.075	-0.051	115.01	0.000
		12	-0.102	-0.217	115.82	0.000
		13	-0.125	0.102	117.06	0.000
		14	-0.158	-0.047	119.08	0.000
		15	-0.196	-0.072	122.27	0.000
		16	-0.218	-0.025	126.30	0.000
		17	-0.219	0.090	130.44	0.000
		18	-0.215	-0.099	134.52	0.000
		19	-0.191	0.036	137.84	0.000
		20	-0.153	-0.002	140.02	0.000
		21	-0.112	0.029	141.21	0.000
		22	-0.079	-0.101	141.82	0.000
		23	-0.081	-0.159	142.49	0.000
		24	-0.103	-0.054	143.58	0.000
		25	-0.162	-0.116	146.38	0.000
		26	-0.206	0.127	151.03	0.000
		27	-0.223	0.017	156.66	0.000
		28	-0.218	-0.043	162.16	0.000