

What if the UK had Joined the Euro in 1999? An Empirical Evaluation using a Global VAR

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May, 2005

Supplementary Tables for the Sweden Euro Entry Experiments

Table S1: Probability Estimates that SE and EA Short-Term Interest Rates are Lower under Entry at par at Beginning of 1999Q1

Year	Probability	
	SE	EA
1999Q1	0.67	0.85
Q2	0.69	0.89
Q3	0.75	0.86
Q4	0.75	0.72
2000Q1	0.76	0.50
Q2	0.75	0.40
Q3	0.71	0.35
Q4	0.69	0.34
2001Q1	0.69	0.34
Q2	0.68	0.35
Q3	0.67	0.37
Q4	0.66	0.38
2002Q1	0.66	0.40
Q2	0.66	0.41
Q3	0.66	0.43
Q4	0.66	0.44
2003Q1	0.66	0.45
Q2	0.66	0.46
Q3	0.66	0.47
Q4	0.67	0.48

Table S2: Probability Estimates that Output is Higher and Prices are Lower, separately and jointly in SE and EA under Entry at par at Beginning of 1999Q1

Year	Output		Prices		Output & Prices	
	SE	EA	SE	EU	SE	EU
1999Q1	0.65	0.69	0.27	0.18	0.08	0.08
Q2	0.76	0.75	0.33	0.15	0.11	0.04
Q3	0.80	0.79	0.48	0.14	0.31	0.04
Q4	0.83	0.80	0.44	0.13	0.32	0.03
2000Q1	0.84	0.79	0.44	0.12	0.34	0.02
Q2	0.83	0.78	0.41	0.12	0.33	0.02
Q3	0.81	0.76	0.39	0.13	0.31	0.02
Q4	0.79	0.74	0.37	0.13	0.29	0.01
2001Q1	0.78	0.71	0.34	0.13	0.27	0.01
Q2	0.76	0.69	0.33	0.14	0.26	0.01
Q3	0.75	0.66	0.32	0.14	0.26	0.01
Q4	0.73	0.64	0.32	0.15	0.26	0.01
2002Q1	0.73	0.62	0.32	0.15	0.26	0.01
Q2	0.72	0.60	0.32	0.16	0.26	0.01
Q3	0.71	0.59	0.32	0.17	0.27	0.01
Q4	0.71	0.57	0.33	0.17	0.27	0.01
2003Q1	0.70	0.56	0.33	0.18	0.28	0.01
Q2	0.70	0.55	0.34	0.19	0.29	0.01
Q3	0.70	0.54	0.35	0.19	0.29	0.01
Q4	0.69	0.53	0.35	0.20	0.30	0.01

Table S3: Conditional Probability Estimates that SE and EA Short-Term Interest Rates are Lower under Entry at par at Beginning of 1999Q1

Year	Probability	
	SE	EA
1999Q1	0.57	0.71
Q2	0.55	0.75
Q3	0.63	0.76
Q4	0.63	0.74
2000Q1	0.61	0.67
Q2	0.67	0.67
Q3	0.65	0.65
Q4	0.77	0.67
2001Q1	0.83	0.69
Q2	0.83	0.69
Q3	0.86	0.71
Q4	0.84	0.70
2002Q1	0.81	0.68
Q2	0.86	0.66
Q3	0.91	0.65
Q4	0.93	0.64
2003Q1	0.94	0.65
Q2	0.94	0.66
Q3	0.90	0.64
Q4	0.91	0.62

Note: The probability estimates are obtained conditional on the realised values of oil prices, US equity prices and US short and long-term interest rates over the period 1999Q1-2003Q4.

Table S4: Conditional Probability Estimates that Output is Higher and Prices are Lower, separately in SE and EA under Entry at par at Beginning of 1999Q1

Year	Output		Prices	
	SE	EA	SE	EA
1999Q1	0.59	0.75	0.30	0.26
Q2	0.61	0.72	0.39	0.28
Q3	0.62	0.67	0.43	0.26
Q4	0.65	0.62	0.39	0.24
2000Q1	0.65	0.60	0.51	0.24
Q2	0.65	0.56	0.46	0.22
Q3	0.71	0.52	0.49	0.22
Q4	0.74	0.48	0.49	0.20
2001Q1	0.83	0.46	0.43	0.18
Q2	0.85	0.47	0.50	0.16
Q3	0.85	0.48	0.56	0.15
Q4	0.85	0.49	0.59	0.15
2002Q1	0.83	0.51	0.66	0.14
Q2	0.84	0.51	0.67	0.14
Q3	0.89	0.48	0.64	0.13
Q4	0.93	0.50	0.67	0.12
2003Q1	0.94	0.54	0.73	0.11
Q2	0.94	0.56	0.75	0.11
Q3	0.94	0.60	0.80	0.10
Q4	0.92	0.62	0.81	0.10

Note: The probability estimates are obtained conditional on the realised values of oil prices, US equity prices and US short and long-term interest rates over the period 1999Q1-2003Q4.

Table S5: Probability Estimates that Output is Higher and Prices are Lower, separately in SE and EA under Entry at par at Beginning of 2004Q1

Year	Output		Prices	
	SE	EA	SE	EA
2004Q1	0.46	0.30	0.43	0.49
Q2	0.49	0.33	0.49	0.46
Q3	0.47	0.39	0.68	0.46
Q4	0.52	0.43	0.67	0.44
2005Q1	0.55	0.46	0.70	0.44
Q2	0.56	0.48	0.70	0.44
Q3	0.58	0.50	0.70	0.44
Q4	0.59	0.51	0.69	0.44
2006Q1	0.60	0.52	0.68	0.44
Q2	0.60	0.53	0.67	0.44
Q3	0.60	0.53	0.66	0.44
Q4	0.60	0.53	0.65	0.44
2007Q1	0.61	0.53	0.64	0.43
Q2	0.61	0.53	0.63	0.43
Q3	0.61	0.53	0.62	0.43
Q4	0.61	0.53	0.61	0.43
2008Q1	0.61	0.53	0.61	0.43
Q2	0.61	0.53	0.60	0.43
Q3	0.61	0.53	0.60	0.43
Q4	0.61	0.53	0.59	0.43

Table S6: Probability Estimates that SE and EA Short-Term Interest Rates are Lower under Entry at par at Beginning of 1999Q1 for Alternative Exchange Rates

Year	SE				EA			
	Appreciation	At par	Depreciation		Appreciation	At par	Depreciation	
	10%	0%	10%	30%	10%	0%	10%	30%
1999Q1	0.66	0.67	0.69	0.71	0.45	0.85	0.98	1.00
Q2	0.67	0.69	0.71	0.74	0.58	0.89	0.98	1.00
Q3	0.75	0.75	0.75	0.75	0.84	0.86	0.88	0.91
Q4	0.76	0.75	0.74	0.73	0.84	0.72	0.57	0.30
2000Q1	0.77	0.76	0.74	0.71	0.69	0.50	0.32	0.11
Q2	0.77	0.75	0.73	0.69	0.57	0.40	0.25	0.09
Q3	0.73	0.71	0.68	0.64	0.51	0.35	0.23	0.08
Q4	0.72	0.69	0.66	0.62	0.47	0.34	0.23	0.10
2001Q1	0.71	0.69	0.66	0.62	0.45	0.34	0.25	0.13
Q2	0.71	0.68	0.65	0.61	0.45	0.35	0.27	0.16
Q3	0.69	0.67	0.64	0.60	0.45	0.37	0.29	0.18
Q4	0.69	0.66	0.64	0.60	0.46	0.38	0.32	0.21
2002Q1	0.69	0.66	0.64	0.60	0.47	0.40	0.34	0.24
Q2	0.69	0.66	0.64	0.60	0.48	0.41	0.36	0.26
Q3	0.68	0.66	0.64	0.61	0.49	0.43	0.37	0.29
Q4	0.68	0.66	0.64	0.61	0.49	0.44	0.39	0.31
2003Q1	0.68	0.66	0.64	0.61	0.50	0.45	0.40	0.32
Q2	0.68	0.66	0.65	0.62	0.51	0.46	0.42	0.34
Q3	0.68	0.66	0.65	0.62	0.51	0.47	0.43	0.36
Q4	0.68	0.67	0.65	0.62	0.52	0.48	0.44	0.37

Table S7: Probability Estimates that SE and EA Output is Higher under Entry at par at Beginning of 1999Q1 for Alternative Exchange Rates

Year	SE				EA			
	Appreciation	At par	Depreciation		Appreciation	At par	Depreciation	
	10%	0%	10%	30%	10%	0%	10%	30%
1999Q1	0.15	0.65	0.95	1.00	0.01	0.69	1.00	1.00
Q2	0.58	0.76	0.88	0.97	0.16	0.75	0.99	1.00
Q3	0.63	0.80	0.90	0.98	0.42	0.79	0.96	1.00
Q4	0.71	0.83	0.91	0.98	0.52	0.80	0.94	1.00
2000Q1	0.74	0.84	0.90	0.97	0.57	0.79	0.92	0.99
Q2	0.74	0.83	0.89	0.96	0.60	0.78	0.89	0.98
Q3	0.73	0.81	0.87	0.94	0.61	0.76	0.86	0.96
Q4	0.71	0.79	0.84	0.92	0.61	0.74	0.83	0.94
2001Q1	0.71	0.78	0.83	0.90	0.60	0.71	0.80	0.91
Q2	0.70	0.76	0.81	0.88	0.58	0.69	0.77	0.88
Q3	0.69	0.75	0.80	0.87	0.57	0.66	0.74	0.84
Q4	0.68	0.73	0.78	0.85	0.56	0.64	0.71	0.81
2002Q1	0.67	0.73	0.77	0.84	0.55	0.62	0.68	0.78
Q2	0.66	0.72	0.76	0.83	0.54	0.60	0.66	0.75
Q3	0.66	0.71	0.75	0.82	0.53	0.59	0.64	0.72
Q4	0.66	0.71	0.75	0.81	0.52	0.57	0.62	0.70
2003Q1	0.65	0.70	0.74	0.80	0.51	0.56	0.60	0.68
Q2	0.65	0.70	0.74	0.80	0.50	0.55	0.59	0.66
Q3	0.65	0.70	0.73	0.79	0.50	0.54	0.58	0.64
Q4	0.65	0.69	0.73	0.79	0.49	0.53	0.57	0.63

Table S8: Probability Estimates that SE and EA Prices are Lower under Entry at par at Beginning of 1999Q1 for Alternative Exchange Rates

Year	SE				EA			
	Appreciation	At par	Depreciation		Appreciation	At par	Depreciation	
	10%	0%	10%	30%	10%	0%	10%	30%
1999Q1	0.21	0.27	0.32	0.43	0.25	0.18	0.13	0.06
Q2	0.59	0.33	0.15	0.02	0.18	0.15	0.13	0.09
Q3	0.82	0.48	0.18	0.01	0.19	0.14	0.10	0.05
Q4	0.73	0.44	0.20	0.02	0.17	0.13	0.09	0.05
2000Q1	0.71	0.44	0.21	0.03	0.18	0.12	0.09	0.04
Q2	0.71	0.41	0.17	0.02	0.18	0.12	0.08	0.03
Q3	0.68	0.39	0.17	0.02	0.19	0.13	0.08	0.03
Q4	0.65	0.37	0.16	0.02	0.20	0.13	0.08	0.03
2001Q1	0.61	0.34	0.15	0.02	0.21	0.13	0.09	0.03
Q2	0.58	0.33	0.15	0.02	0.21	0.14	0.09	0.04
Q3	0.56	0.32	0.15	0.02	0.22	0.14	0.09	0.04
Q4	0.55	0.32	0.16	0.03	0.22	0.15	0.10	0.04
2002Q1	0.53	0.32	0.16	0.03	0.23	0.15	0.10	0.05
Q2	0.52	0.32	0.17	0.04	0.23	0.16	0.11	0.05
Q3	0.52	0.32	0.18	0.04	0.24	0.17	0.11	0.05
Q4	0.51	0.33	0.19	0.05	0.24	0.17	0.12	0.06
2003Q1	0.51	0.33	0.20	0.06	0.25	0.18	0.13	0.06
Q2	0.51	0.34	0.21	0.07	0.26	0.19	0.13	0.07
Q3	0.51	0.35	0.22	0.07	0.26	0.19	0.14	0.08
Q4	0.51	0.35	0.23	0.08	0.27	0.20	0.15	0.08

Table S9: Conditional Point Estimates of the Effects of SE Entry on SE and EA Short-Term Interest Rate, the SEK/Euro Rate and Effective Exchange Rate under Entry at par at Beginning of 1999Q1

Year	Short-Term		Exchange Rate (%)		
	Interest Rate (%)		Spote Rate	Effective Rate	
	SE	EA	SEK/Euro	SE	EA
1999Q1	-0.38	-0.05	2.49	2.16	-0.17
Q2	-0.29	-0.08	5.88	5.00	-0.58
Q3	-0.86	-0.11	8.36	7.15	-0.72
Q4	-0.93	-0.13	10.16	8.84	-0.45
2000Q1	-0.83	-0.12	12.41	10.91	-0.24
Q2	-1.41	-0.15	13.83	12.44	0.41
Q3	-1.26	-0.17	15.70	14.40	1.18
Q4	-2.49	-0.23	17.00	16.07	2.40
2001Q1	-3.40	-0.29	18.64	18.11	3.79
Q2	-3.64	-0.33	19.82	19.71	5.22
Q3	-4.25	-0.39	19.05	19.73	7.03
Q4	-4.00	-0.41	18.71	20.03	8.62
2002Q1	-3.74	-0.38	19.20	20.92	9.88
Q2	-4.62	-0.36	17.97	20.62	11.93
Q3	-5.94	-0.36	16.51	20.46	14.74
Q4	-6.75	-0.36	17.40	22.15	17.03
2003Q1	-7.13	-0.40	17.70	23.03	18.79
Q2	-7.38	-0.45	17.57	23.38	20.19
Q3	-6.48	-0.39	19.10	24.79	20.75
Q4	-6.84	-0.34	17.61	23.88	22.10

Note: The point estimates are obtained conditional on the realised values of oil prices, US equity prices and US short and long-term interest rates over the period 1999Q1-2003Q4. The figures for the interest rate are percent per annum.

Table S10: Conditional Point Estimates of the Effects of SE Entry on SE and EA Output and Prices under Entry at par at Beginning of 1999Q1

Year	Output (%)		Prices (%)	
	SE	EA	SE	EA
1999Q1	0.14	0.06	0.12	0.10
Q2	0.26	0.11	0.08	0.18
Q3	0.33	0.13	0.06	0.29
Q4	0.45	0.12	0.11	0.45
2000Q1	0.51	0.12	-0.01	0.60
Q2	0.55	0.08	0.05	0.81
Q3	0.82	0.02	0.01	1.03
Q4	1.02	-0.03	0.01	1.33
2001Q1	1.58	-0.07	0.14	1.72
Q2	1.80	-0.05	-0.01	2.10
Q3	1.86	-0.04	-0.15	2.50
Q4	1.97	-0.03	-0.24	2.94
2002Q1	1.92	0.02	-0.49	3.31
Q2	2.08	0.02	-0.60	3.72
Q3	2.59	-0.04	-0.52	4.30
Q4	3.20	-0.01	-0.71	4.90
2003Q1	3.56	0.10	-1.06	5.50
Q2	3.62	0.17	-1.25	6.15
Q3	3.76	0.31	-1.66	6.70
Q4	3.39	0.35	-1.85	7.26

Note: The point estimates are obtained conditional on the realised values of oil prices, US equity prices and US short and long-term interest rates over the period 1999Q1-2003Q4.

Figure S1: SE and EA Nominal Short-Term Interest Rates at Annual Percentage Rates

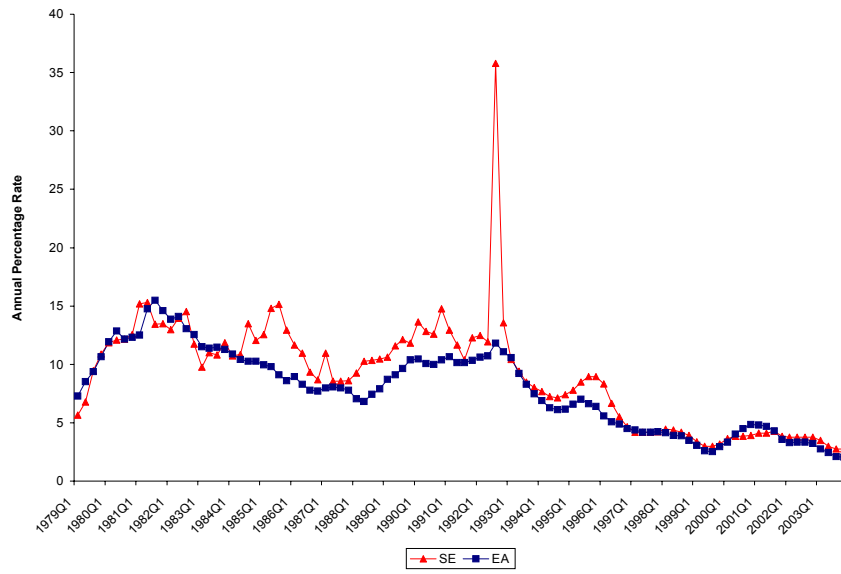


Figure S2: Quarterly Percentage Changes in SE and EA Exchange Rates

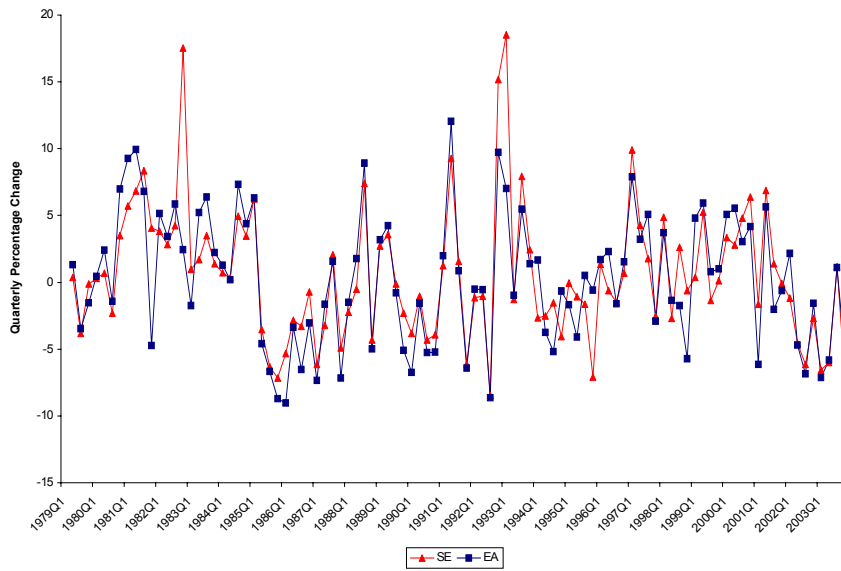


Figure S3: Probability Estimates that SE and EA Short-Term Interest Rates are Lower under Entry at par at Beginning of 1999Q1

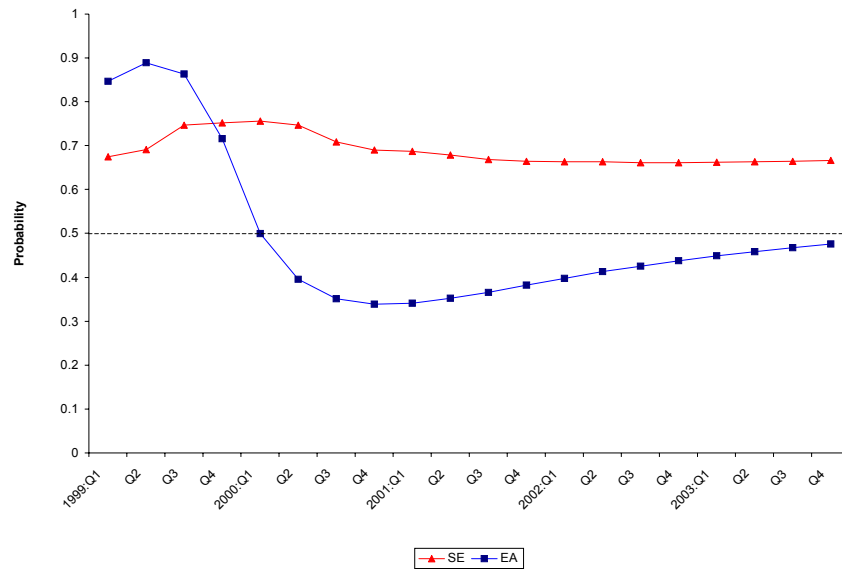


Figure S4: Probability Estimates that SE and EA Output is Higher under Entry at par at Beginning of 1999Q1

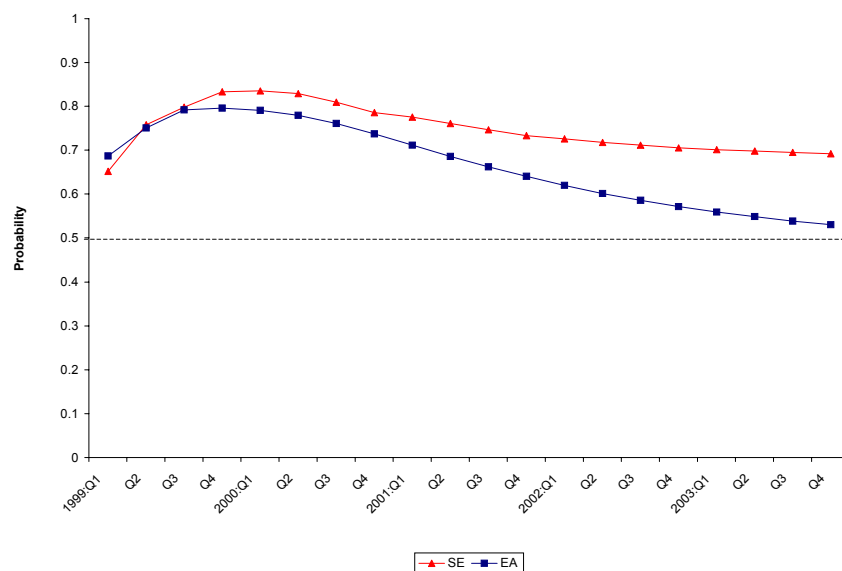


Figure S5: Probability Estimates that SE and EA Prices are Lower under Entry at par at Beginning of 1999Q1

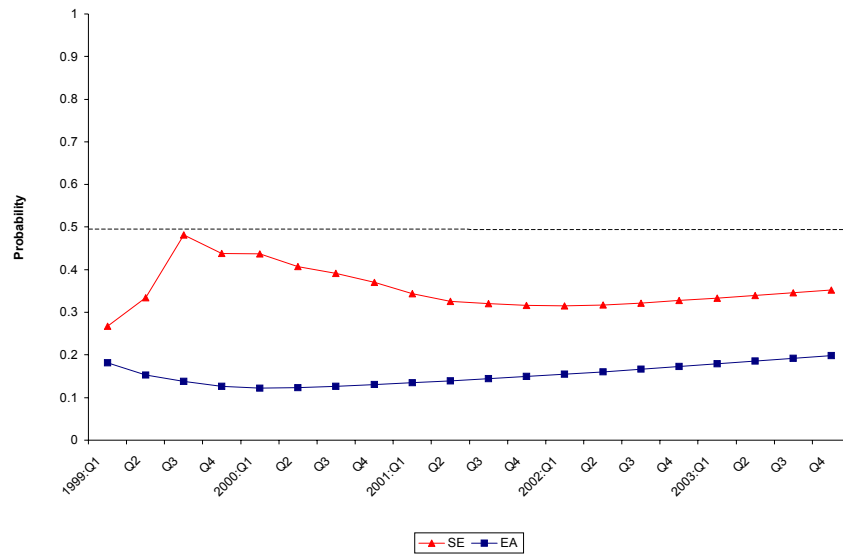
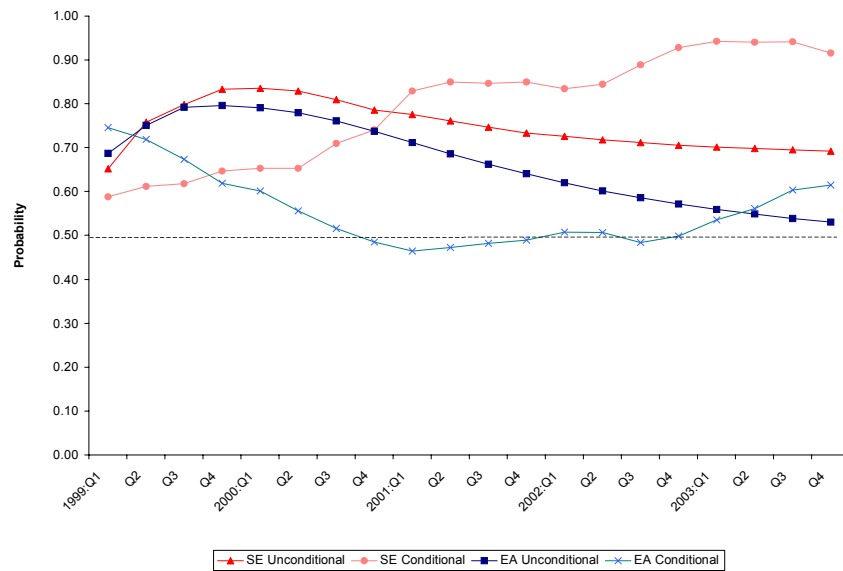


Figure S6: Conditional and Unconditional Probability Estimates that SE and EA Output is Higher under Entry at par at Beginning of 1999Q1



Note: The probability estimates are obtained conditional on the realised values of oil prices, US equity prices and US short and long-term interest rates over the period 1999Q1-2003Q4.

Figure S7: Probability Estimates that SE and EA Output is Higher under Entry at par at Beginning of 1999Q1 and at Beginning of 2004Q1, by Quarters after Entry

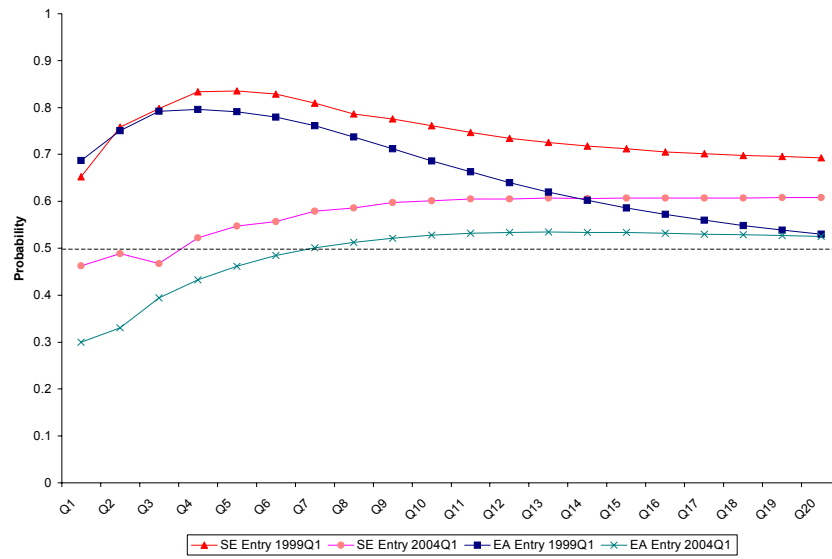


Figure S8: Probability Estimates that SE Output is Higher under Entry at Beginning of 1999Q1 for Alternative Exchange Rates

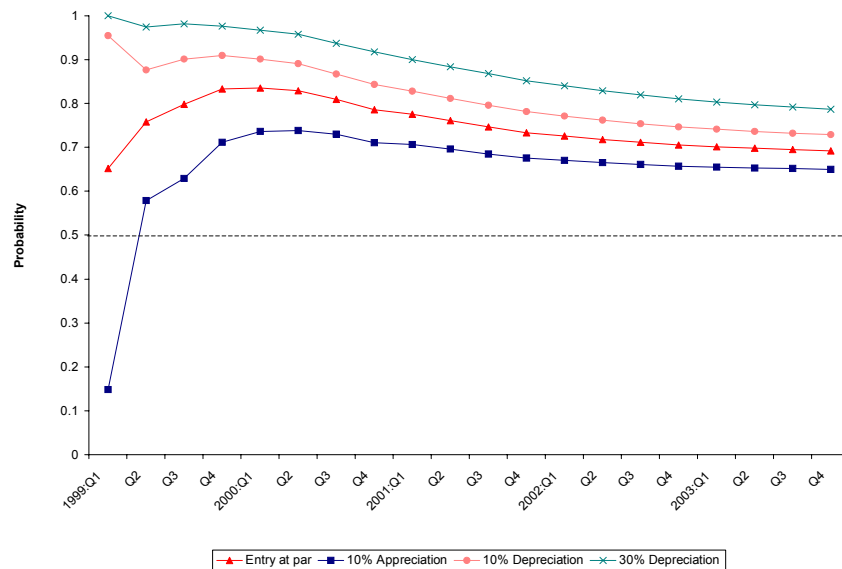


Figure S9: Probability Estimates that EA Output is Higher under Entry at Beginning of 1999Q1 for Alternative Exchange Rates

