

Understanding the Forward Premium Puzzle: A Microstructure Approach  
Craig Burnside, Martin Eichenbaum and Sergio Rebelo  
8/30/2008

DATA APPENDIX

Our foreign exchange rate data are obtained from Datastream. They are originally sourced by Datastream from the WM Company/Reuters. The data set consists of spot exchange rates and one month forward exchange rates for sixteen currencies quoted against the British pound. This data set spans the period January 1976 to December 2005. The mnemonics for and availability of each currency are indicated in Table 1. Each exchange rate is quoted as foreign currency units (FCUs) per British pound (GBP). The original data set includes observations on all weekdays. We sample the data on the last weekday of each month. We measure the bid-ask spread as the logarithm of the ratio of the ask and bid rates.

Our CPI inflation rates were computed using CPI indexes obtained from the International Financial Statistics database. Mnemonics are indicated in Table 2. We spliced series for West Germany together with those for unified Germany in 1991.

FILES

The following files are included in the data set.

- `data.xls`: this is the raw data file containing monthly exchange rates, bid-ask spread information, inflation rates and CPI indexes
- `figure-data.xls`: this is information that is used directly in drawing the figures in MATLAB; it is produced by running `fig1.m` and `table1_fig2.m` (below)
- `fig1.m`: a MATLAB M-file that reads `data.xls` and computes the summary statistics needed for Figure 1 in the paper
- `table1_fig2.m`: a MATLAB M-file that reads `data.xls` and computes the summary statistics that appear in Table 1 and are needed for Figure 2 in the paper.
- `figures.m`: a MATLAB M-file that draws Figures 1 and 2 in the paper; you must run `fig1.m` and `table1_fig2.m` first to create `figure-data.m`.
- `table1.xls`: raw numerical version of Table 1 in the paper; generated by running `table1_fig2.m`
- `example.m`: this does the calculations required in the numerical example in the paper; you must run `table1_fig2.m` first.

TABLE 1  
 Datastream Mnemonics for Currency Quotes Against the British Pound

Currency	Spot Rate	Forward Rate	Availability
Austrian schilling	AUSTSCH	AUSTS1F	76:01–98:12
Belgian franc	BELGLUX	BELXF1F	76:01–98:12
Canadian dollar	CNDOLLR	CNDOL1F	76:01–05:12
Danish krone	DANISHK	DANIS1F	76:01–05:12
French franc	FRENFRA	FRENF1F	76:01–98:12
German mark	DMARKER	DMARK1F	76:01–98:12
Irish punt	IPUNTER	IPUNT1F	79:04–98:12
Italian lira	ITALIRE	ITALY1F	76:01–98:12
Japanese yen	JAPAYEN	JAPYN1F	78:06–05:12
Netherlands guilder	GUILDER	GUILD1F	76:01–98:12
Norwegian krone	NORKRON	NORKN1F	76:01–05:12
Portuguese escudo	PORTESC	PORTS1F	76:01–98:12
Spanish peseta	SPANPES	SPANP1F	76:01–98:12
Swedish krona	SWEKRON	SWEDK1F	76:01–05:12
Swiss franc	SWISSFR	SWISF1F	76:01–05:12
U.S. dollar	USDOLLR	USDOL1F	76:01–05:12

Notes: To obtain bid, ask (offer), and mid quotes for the exchange rates the suffixes (EB), (EO) and (ER) are added to the mnemonics indicated.

TABLE 2  
 IFS Mnemonics for Consumer Price Indexes

Country	Mnemonic	Availability
Austria	12264...ZF...	1976–2005
Belgium	12464...ZF...	1976–2005
Canada	15664...ZF...	1976–2005
Denmark	12864...ZF...	1976–2005
France	13264...ZF...	1976–2005
Germany (West)	13464.D.ZF...	1976–1991
Germany (Unified)	13464...ZF...	1991–2005
Ireland	17864...ZF...	1976–2005
Italy	13664...ZF...	1976–2005
Japan	15864...ZF...	1976–2005
Netherlands	13864...ZF...	1976–2005
Norway	14264...ZF...	1976–2005
Portugal	18264...ZF...	1976–2005
Spain	18464...ZF...	1976–2005
Sweden	14464...ZF...	1976–2005
Switzerland	14664...ZF...	1976–2005
U.S.A.	11164...ZF...	1976–2005