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Session 5 : Macro-economic Modeling and National Accounts

Trade modeling in the National Bank of France's forecasting model of the Euro zone economy: why and how we separate intra- and extra-zone trade.

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The National Bank of France has developed a neo-Keynesian-type model for the economy of the Euro zone. In this model, called AMAZONE, we chose to distinguish intra- from extra-zone trade. In Eurostat's Quarterly and Annual Accounts, the series for these different kinds of trade are not available yet. However, data describing intra-zone trade exists. Therefore, we computed intra- and extra-zone trade series for the AMAZONE database.

The first part of the paper describes the structure of the Euro zone trade, and the arguments in favour of a separate modelling of intra- and extra-zone trade.

In the second part, we present our method to compute the series of trade on the period 1995-last known quarter. In particular, we use Eurostat intra-zone trade data for exchanges of goods, and European Central Bank's Balance of Payments data for the exchanges of services. The trade we get so is not balanced; we present the causes for that disequilibrium and the method we chose to settle this problem.

In the third part, we study the trade equations of the model: explanatory variables, contributions, residuals, properties of the equations. In particular, we find that the explanatory variables for intra- and extra-zone trade are not the same, which justifies the choice of a separate modelling in AMAZONE.