

# DOCUMENTOS DE TRABAJO

## Commodity Prices, Growth and Productivity: a Sectoral View

Claudia De la Huerta  
Javier García-Cicco

N.º 777 Febrero 2016

BANCO CENTRAL DE CHILE



# DOCUMENTOS DE TRABAJO

## Commodity Prices, Growth and Productivity: a Sectoral View

Claudia De la Huerta  
Javier García-Cicco

N.º 777 Febrero 2016

BANCO CENTRAL DE CHILE





**BANCO CENTRAL DE CHILE**

**CENTRAL BANK OF CHILE**

La serie Documentos de Trabajo es una publicación del Banco Central de Chile que divulga los trabajos de investigación económica realizados por profesionales de esta institución o encargados por ella a terceros. El objetivo de la serie es aportar al debate temas relevantes y presentar nuevos enfoques en el análisis de los mismos. La difusión de los Documentos de Trabajo sólo intenta facilitar el intercambio de ideas y dar a conocer investigaciones, con carácter preliminar, para su discusión y comentarios.

La publicación de los Documentos de Trabajo no está sujeta a la aprobación previa de los miembros del Consejo del Banco Central de Chile. Tanto el contenido de los Documentos de Trabajo como también los análisis y conclusiones que de ellos se deriven, son de exclusiva responsabilidad de su o sus autores y no reflejan necesariamente la opinión del Banco Central de Chile o de sus Consejeros.

The Working Papers series of the Central Bank of Chile disseminates economic research conducted by Central Bank staff or third parties under the sponsorship of the Bank. The purpose of the series is to contribute to the discussion of relevant issues and develop new analytical or empirical approaches in their analyses. The only aim of the Working Papers is to disseminate preliminary research for its discussion and comments.

Publication of Working Papers is not subject to previous approval by the members of the Board of the Central Bank. The views and conclusions presented in the papers are exclusively those of the author(s) and do not necessarily reflect the position of the Central Bank of Chile or of the Board members.

Documentos de Trabajo del Banco Central de Chile  
Working Papers of the Central Bank of Chile  
Agustinas 1180, Santiago, Chile  
Teléfono: (56-2) 3882475; Fax: (56-2) 3882231

# **COMMODITY PRICES, GROWTH AND PRODUCTIVITY: A SECTORAL VIEW\***

Claudia De la Huerta  
Banco Central de Chile

Javier García-Cicco  
Banco Central de Chile  
Universidad Católica Argentina

## **Abstract**

We construct TFP series at a sectoral level for Chile and analyze how commodity price shocks affect these measures. The Dutch-Disease literature is concerned by that possible fall in productivity in the industrial sector after a commodity boom, as that sector may be a mayor driver of TFP improvements for the economy as a whole. Our results provide evidence that indeed Industrial TFP is negatively affected by positive commodity price shocks, both after either temporary or permanent shocks. However, despite this effect, TFP at the aggregate level is not necessarily reduced. In particular, Aggregate TFP does not seem to be significantly affected by the shock, while if we exclude Commodities and Utilities, or if we just focus on non-traded sectors, TFP actually tends to increase. This result holds even controlling for the possibility of sectoral relocations of resources in measuring TFP at an aggregate level.

## **Resumen**

En este trabajo se construyen series de productividad total de factores (PTF) a nivel sectorial y agregado, y se analiza como shock al precio de los Commodities afecta a estas variables. La literatura sobre la Enfermedad Holandesa se preocupa por la posible caída en la productividad del sectorial industrial que puede ocurrir luego de un boom de commodities, ya que ese sector suele ser una de los principales determinantes de la PTF a nivel agregado. Nuestros resultados muestran que de hecho la PTF en el sector industrial se ve afectada negativamente por shocks al precio de los commodities, tanto luego de shocks temporarios como permanentes. Sin embargo, a nivel agregado la PTF no se ve necesariamente reducida. De hecho, si excluimos los sectores productores de Commodities y de Energía, o si nos enfocamos en sectores no-transables, la PTF tiende a aumentar luego de un incremento en el precio de los commodities. Estos resultados se verifican aun cuando controlamos por la posibilidad de reasignaciones de recursos entre sectores cuando medimos la PTF a nivel agregado.

---

\* We thank Markus Kirchner, participants at the Central Bank of Chile seminar and the BIS CCA Research Network on Commodities for comments. The views and conclusions presented in this paper are exclusively those of the authors and do not necessarily reflect the position of the Central Bank of Chile or its Board members. Emails: [cdehuerta@bcentral.cl](mailto:cdehuerta@bcentral.cl) y [jgarcia-cicco@bcentral.cl](mailto:jgarcia-cicco@bcentral.cl).

# 1 Introduction

When a country that specializes in the export of some commodities faces a persistent rise in the international price of those goods, while people acknowledge that the economy will likely experience higher growth (at least temporarily), many start worrying about the Dutch-Disease. This is the name generally used to describe a situation where, after a commodity boom, productive resources tend to be relocated away from the Industrial/Manufacturing sector towards both the Commodity and the Non-traded sectors. As a consequence, the Manufacturing sector suffers a contraction while these others sectors are expanding.

From a welfare perspective, this situation should be a concern (i.e. the “Disease” is actually a disease), if this relocation is socially costly. In particular, one of the major arguments along these lines is that a contraction in the industrial sector leads to a slowdown in growth (either in the medium or the long run), as this sector is one of the mayor drivers of improvements in total factor productivity (TFP).<sup>1</sup> Thus, if the industrial sector experiences a contraction, the potential for sustained long-run growth may be in jeopardy.

However, even if we assume that the reduction in industrial activity leads to a contraction in TFP for those firms, other sectors are expanding at the same time; so it is not clear which will be the overall effect. Quantifying this tends to be a complicated task: while it is generally feasible to compute TFP at an aggregate level, calculating such a measure at a sectoral level is usually more difficult, mainly because capital-stock data at a sectoral level is generally not available.

In this paper we take advantage of the data availability in Chile, where sectoral capital is indeed computed, to construct TFP for the nine sectors that compose aggregate GDP. Chile is an interesting case of study in this literature for being an exporter of Copper; a commodity whose international price experienced a higher average level after 2005, relative to its values in the 90’s and the beginning of this century. Our goal is to characterize the effects generated by a shock to the international price of Copper on TFP and activity (GDP), both at a sectoral level and at different levels of aggregation.

After carefully computing TFP measures for each sector and for several groups of sectors (aggregate, aggregate excluding commodities and utilities, and non-tradables), we use both VAR and VEC models to identify the effects of copper price shocks. In particular, we try to distinguished between temporary and permanent shocks to commodity prices.

Our results show that, although at the aggregate level there is mild effect of commodity price shocks on TFP, the sectoral responses are quite heterogeneous. In particular, TFP in the industrial sector seems to be negatively affected by the shock, while the opposite happens in the main non-traded sectors. In this sense, Dutch-disease-related concerns could be relevant in the case of Chile.

However, we also decompose the effect on TFP computed for groups of sectors in two parts: “true” TFP improvements in the individual sectors and relocation of resources across sectors within the group.

---

<sup>1</sup>See, for instance, the literature review in Magud and Sosa (2103). Some recent studies of the normative implications of commodity booms in models where this productivity effect is present are Lama and Medina (2012), Hevia et al (2013), and García-Cicco and Kawamura (2015).

At the aggregate level, it seems that the estimated effect on measured TFP is mainly due to relocation of resources. But when we exclude Mining and Utilities, or if we just consider non-tradables, the effects on measured TFP (which seems to increase after a commodity boom) do not appear to be influenced by relocation effects. Overall, while it seems that for Chile a positive commodity price shocks reduces TFP in the industrial sector, the aggregate effect (once we exclude mining and energy-related goods) is more benign than what conceptually the Dutch-Disease literature would imply.

This paper is related with the empirical literature that studies the effect on activity of capital inflows. The work by Magud and Sosa (2013) presents a meta-analysis summarizing the results in the literature, distinguishing between the source of capital inflows (commodities, remittances, financial aid, etc.). Raddatz (2007) shows evidence of the effect of commodity price shocks (among other external shocks) on growth in low-income countries, using panel-VAR techniques. Collier and Benedikt (2008) use panel-VEC models to separate the medium- and long-term effects on growth. Finally, IMF (2015) analyzes the impact for Chile on GDP, TFP and capital accumulation of commodity-price booms. All these examples, however, focus the attention on aggregate activity or TFP, but there is no sectoral analysis. In that sense, our paper contributes to this literature by analyzing sectoral implication as well, both for GDP and TFP.<sup>2</sup>

The remainder of the paper is organized as follows. Section 2 describes the data and the methodology used to compute TFP. Section 3 presents the empirical strategy and discusses the results. Section 4 concludes, including a discussion on the implications of our empirical results for several assumptions used in the related theoretical literature.

## 2 Data

The main task for our empirical analysis is to construct TFP series for the different sectors in the Chilean economy. National accounts data decompose total GDP in the following sectors: Agriculture (including also livestock and fishing), Mining (mainly copper, including copper-related manufactures), Industry and Manufactures, Utilities (Electricity, Gas and Water), Construction, Retail (including Tourism), Transportation and Communications, Financial Services, and Personal and Other Services. In addition to each of these sectors, we also characterize three groups of sectors: Aggregate (combining all sectors), Excluding mining and utilities (in the figures and tables this is labeled as ‘No Co-Ut’), and Non-tradables (Construction, Retail, Transportation, Financial and Personal Services). The main constraint to select the sample is the availability of capital-stock data. For the aggregate economy we have information available from 1991 to 2013, but for the different sectors the sample is from 1996 to 2013.<sup>3</sup>

---

<sup>2</sup>Some papers study sectoral implications of commodity price shocks on either activity or labor productivity (e.g. Pieschacon, 2010, Naudon and Medina, 2012, and Bjornland and Thorsrud, 2014). None of them, however, study the effects on sectoral TFP. In addition, several studies compute aggregate and sectoral TFP for Chile, e.g. e.g., Corbo y Gonzalez (2012), Magendzo and Villena (2011), Fuentes et al. (2006), Vergara y Rivero (2006), Roldos (1997), Chumacero and Fuentes (2001), and Beyer and Vergara (2002). None of them study how these measures are affected by commodity price shocks.

<sup>3</sup>The details of variable definitions and sources are described in the appendix.

As we mentioned in the introduction, there are several studies for Chile that construct sectoral TFP series. While they share a basic common framework, there are some methodological differences between them. Drawing from this related literature, we describe our approach for constructing the TFP measures. The starting point is the Neo-classical production function that allows to construct TFP by means of Solow residuals. In particular, the following functional form is assumed

$$GDP_{it} = TFP_{it}(L_{it})^{\alpha_i}(K_{it})^{1-\alpha_i},$$

where  $i$  represents either a sector or one of the groups of sectors we consider. Here  $L_{it}$  denotes the labor input,  $K_{it}$  is the capital stock,  $GDP_{it}$  is real gross domestic product,<sup>4</sup> and  $\alpha_i$  is the share of labor income.<sup>5</sup>

We use a different labor income share to calculate aggregate and sectoral TFPs. For the aggregate economy we use  $\alpha = 0.6$ , taken from Fuentes et al. (2006).<sup>6</sup> The values of sectoral income shares are taken from Corbo and Gonzalez (2012)<sup>7</sup>. The labor income share for the other groups of sector is computed as a weighted average of the share of remunerations of each sector on total value added of the sectors considered. These are reported in Table 1.

The capital stock data for different sectors comes from Henriquez (2008). In the growth accounting literature, capital is generally adjusted by utilization. Unfortunately, we do not observe capital utilization directly in Chile. Instead, we use as proxy data on energy consumption, as proposed by Costello (1993).<sup>8</sup> We compute capital utilization as deviations of energy consumption from its trend,<sup>9</sup> as in Fuentes et al. (2006).

The labor input is composed of three parts. The first is the number of people employed, the second is hours worked (computed as the sum of the average weekly hours worked in a year), and the third is an adjustment for quality. For the last one we follow Magendzo and Villena (2011), to construct a quality index for labor that accounts for differences in productivity across workers with diverse levels of education.<sup>10</sup> The first two components are computed for each sector and groups of sectors, while the

---

<sup>4</sup>In the case of Chile, real GDP is constructed using chain-weighted indexes.

<sup>5</sup>We should notice that this measure of TFP might not necessarily reflect true technological improvements, as it is widely recognized in the literature. For instance, the choice of functional form for the production function, as well as assumptions regarding market power, can lead to different results (e.g. Barro, 1999). Also, technological change can manifest itself not as variation in total factor productivity but as changes in the production function itself (for instance, new technologies might affect the ways capital and labor are combined to produce, changing the  $\alpha$ 's overtime). Finally, issues on data collection can also affect the measure of TFP. Still, our approach continues to be the most widely used in the growth accounting literature.

<sup>6</sup>There are several methodologies to compute income factor shares. However, most studies of TFP for Chile have estimated a labor income share for the aggregate economy that ranges between 0.5 and 0.6.

<sup>7</sup>See the appendix for a table with the selected values of the labor income shares used for each sector.

<sup>8</sup>Other studies for Chile use the unemployment rate as an alternative proxy for capital utilization under the assumption that labor and capital have the same rate of utilization e.g., Gallego and Loayza (2002), Vergara and Rivero (2006).

<sup>9</sup>Computed with the HP filter with parameter  $\lambda = 6.25$

<sup>10</sup>In particular, the index is computed as  $\sum_i \left(\frac{n_i}{n}\right) \left(\frac{w_i}{w_o}\right)$  where  $n_i$  denotes workers with educational attainment  $i$ ,  $n$  is the total amount of employed workers,  $w_i$  are the average wages obtained by worker type  $i$  and  $w_o$  is the average wage of workers with no formal education. This methodology assumes that differences in labor productivity are evidenced by earning differentials, and that workers with more years of education contribute more to productivity growth than their

third one is assumed to be the same across sectors, as we do not have sectoral data to construct it.

The data on GDP and employment is available at a quarterly frequency, while all other variables are annual. To obtain quarterly data we use a linear interpolation for data on capital stock adjusted by energy utilization, the education premium, and average hours.<sup>11</sup> Figures 1 to 3 display the data used to construct the TFP series, while Figure 4 displays the obtained TFP for each sector and groups of sectors. Additionally, Figure 5 shows the nominal shares of each sector (computed relative to the group that excludes Mining and Utilities), and Figure 6 presents the two international variables that will be used for the analysis: GDP of Chile's commercial partners, and the international price of Copper.<sup>12</sup>

As can be seen, although aggregate TFP seems to have increased on average during the sample, there are many sectoral differences. For instance, Mining, Utilities and Transportation display a negative trend, while TFP seems to increase on average in Agriculture and Financial services. The Retail sector seems to have experienced a decrease during the first half of the sample (until 2003 approximately), growing on average afterwards. Finally, TFP in Construction and Personal services does not show a clear trend over the period.

We finish this section by summarizing a battery of unit roots tests, as well as cointegration tests between the different TFP series with the international copper price and with Aggregate TFP. These tests are relevant to determine the identification strategy described below. The summary of these tests can be found in Tables 2 and 3.<sup>13</sup> In terms of the unit root test, most TFP series seem to be non-stationary, although controlling for the possibility of structural breaks changes the conclusions for some variables. This last feature is relevant because, as we will argue later, the Commodity price series also exhibit a structural break. Finally, it is also the case that some of the TFP series seems to be co-integrated with Commodity prices, a feature that will be considered in the estimation exercises presented in the next section.

### 3 Methodology and Results

In this section we first describe the details of the empirical models used and the identification strategy. We then show the estimated effects of both temporary and permanent shocks.

#### 3.1 Models and Identification

As stated in the introduction, the goal is to identify the effects of shocks to the international price of commodities in several aggregate and sectoral variables. From a theoretical point of view, not all surprise changes in commodity prices will have the same effect. In particular, we separate these shocks

---

less educated counterparts. We apply the HP filter with parameter  $\lambda = 6.25$  for to the quality index to correct for cyclical fluctuations, and use the trend component.

<sup>11</sup>We experimented with other interpolation techniques, such as quadratic matching and splines. For capital we also explored an interpolation based on the movements in quarterly sectoral investment. We decided to use the linear approach as that method yields TFP series that are closer to those computed in the related literature.

<sup>12</sup>All variables are in log's.

<sup>13</sup>The details of each of the tests are available from the authors upon request.



along two dimensions. One is duration: the effect of a commodity price shock should be different if it is temporary (although persistent) or if it has a permanent effect.

The other is the context in which the change in commodity price occurs. In particular, the effect on domestic variables should be different if, for instance, a rise in commodity prices happens simultaneously with an increase in global activity, relative to a case in which commodity prices increases but global demand remains constant. In principle, if commodity prices increase but global demand also rises, the typical sectoral relocation in the Dutch-disease literature may not appear; for the increase in global demand will likely generate a boom in the domestic industrial sector as well. Thus, controlling for the evolution of global demand is key to identify the effect of commodity price shocks.

Given this conceptual distinctions, we use the following identification strategy. In terms of duration, the series of world price of copper in our sample displays a break on its unconditional mean in 2005.Q1.<sup>14</sup> However, as our sample contains just one break, we cannot directly identify the effect of that change. Therefore, we proceed as follows. To identify the temporary shock we estimate a VAR with variables in levels that also include a constant, a linear trend, a dummy variable that takes value of one after 2005.Q1, and the dummy interacted with the linear trend. The idea is that, by controlling for the change in mean and trend we will be left with temporary shocks only.

On the other hand, to identify the effects of permanent shocks we estimate a VEC model allowing domestic variables to be co-integrated with international series.<sup>15</sup> If the low-frequency behavior of copper price is mainly driven by the structural break, the shock identified using the VEC should be a good approximation of permanent shocks.

Both VAR and VEC models include two international variables, in the following order: the GDP for Chile's commercial partners (trade weighted) and the international price of copper deflated by the PPI in the US. Thus, using a Cholesky order, the second will be the shock that we want to characterize. In other words, we want a shock to commodity prices that is not contemporaneously affected by a shock to global activity. These two international series will be combined in the models with domestic variables, assuming that they are block-exogenous relative to domestic ones.<sup>16</sup>

In terms of estimation, because we want to study the effect of these shocks on a large number of variables, including all of them in either a VAR or a VEC model would imply losing many degrees of freedom, reducing the power of inference. Therefore, we separate the dataset by types of variables (TFP, GDP and Shares) and run different VAR/VEC models. In that way, for example, one VAR will include the TFP for all the sectors, plus TFP for three groups (Aggregate, excluding Mining and Utilities, and Non-Tradables), as well as both international variables, adding up to 14 series. Overall, we run three VAR and three VEC models.<sup>17</sup> Finally, inference is performed by a bootstrap procedure,

---

<sup>14</sup>This can be found, as in Garcia-Cicco and Kawamura (2015), using both the Andrews-QLR structural-break test and the Bai-Perron methodology to detect break dates. In addition, using a Markov Switching model, Garcia-Cicco and Montero (2012) also find a change in the unconditional mean of the copper price in 2005

<sup>15</sup>Additionally, we constrain the matrix that determines how deviations from the long-run equilibrium affect the variables in the system. In particular, we assume that errors from the long-run relationship cannot load into international variables, in line with the block-exogeneity assumption for international variables.

<sup>16</sup>This is, that domestic variables cannot affect international series at any time.

<sup>17</sup>Notice that, although we include in the same VAR sectoral variables as well as groups of variables (e.g. the GDPs for

drawing randomly (with replacement) 500 samples from the reduced-form residuals of the VAR/VEC model to construct confidence bands.

### 3.2 Temporary Shocks

We begin by displaying the responses of international variables to the identified temporary commodity shock, in Figure 7.<sup>18</sup> As we can see, a typical shock has a standard deviation of roughly 12%, and its half-life is about six quarters. In addition, while the identification strategy imposes a zero-contemporaneous reaction of GDP for Chile’s commercial partners, the identified shock tends to increase that measure of global activity, with a significant peak of 0.2% around five quarters after the shock. One possible explanation for this increase in Chile’s relevant measure of global activity might be that, as many of Chile’s commercial partners are also commodity exporters, the impact in Copper price generates a positive effect on activity in these countries as well, as the shock is likely correlated with other commodity prices.

Given this shock, we now describe the effects on the different GDP measures, as shown in Figure 8. We can see that Aggregate GDP does not seem to be significantly altered by this shock until around the eight quarter when it displays a significant increase that last approximately five quarters, with a peak response of 0.4%. However, if we focus on the GDP excluding commodities and utilities we can see a significant hump-shaped response, with a maximum impact close to 0.9%, which remains significant for 10 quarters. This difference can be attributed by the response of Mining GDP, which displays a negative response, while Utilities GDP does not seem to be significantly altered by the shock.

Regarding the other tradable sectors, both Agriculture and Industrial GDP significantly rise after the shock, with maximum responses, respectively, of around 1.1 and 1%. The response is qualitatively similar in the non-traded sectors (both individually and aggregating them), with the largest effects appearing in Construction and in Retail (close to 2%).<sup>19</sup>

In a sense, after these responses one could argue that the typical Dutch-disease effect is not present; for the industrial sector rises after the increase in commodity prices. However, in relative terms this expansion is smaller than that in the major non-traded sectors. This relative reduction does not occur only at the real level but also in terms of nominal shares (relative to the GDP that excludes Mining and Utilities). As can be seen in Figure 9, the share of industrial sector decreases after the shock, with a significant response between the fifth and fifteenth quarter, reducing the share by at most 1.5 percentage points.<sup>20</sup> In contrast, the nominal shares of the two main non-traded sectors (Retail and Construction)

---

each non-traded sectors as well as the GDP for the non-traded group), there are no issue of co-linearity, because the group measures are not simple sums of the individual variables. For real GDP this is true because we are using chain-weighted indexes. In the case of TFP, our measure is not additive (this is why we then decompose the effect on TFP of a five group between “true” TFP effects and relocation of resources across sectors; see also the appendix). Finally, for sectoral shares this is not a problem because we are taking logs.

<sup>18</sup>This come from the VAR that include GDP variables. Results are quite similar with the other VAR models

<sup>19</sup>The response that is somehow different within this group is the Transportation sector. The initial response is not significant, a positive and mild significant effect is experienced after a couple of quarters, and in the medium term (after 10 quarters) the response is mildly negative.

<sup>20</sup>The share of Agriculture sector does not display a significant response.

seem to increase after the shock. The other non-tradables (Transportation and both services) either shrink or do not show a significant response. Overall, it seems that not only in real terms the industrial sector increase by less than the major non-traded sectors, but the change in relative prices also goes in the direction suggested by theory.

In terms of TFP, the impulse responses are displayed in Figure 10. At the aggregate level, we can see that TFP seems to decrease initially after the temporary commodity shock, while it then recovers and rises after 10 quarters. In contrast the TFP excluding Commodities and Utilities display a positive and significant increase after the shock, rising TFP by almost 0.6% relative to the pre-shock level. An even larger response but with a similar shape can be observed in the Non-traded group.

Examining sectors individually, we can see that TFP display a significant, hump-shaped, and positive response in Agriculture, Retail and Financial services. The effect is not significantly different from zero in Mining, Utilities, Construction, and Personal Services. Finally, in the Industrial and Transportation sectors the response seems to be significantly negative. The response in the industrial sector and the increase in the largest non-traded sector seems to be in line with Dutch-disease related concerns.

An important issue to address is that, as TFP computed for a given grouping of sectors is not equal to a fix-weighted sum of the TFP in the individual sectors, there is a chance that the response of TFP in the group as a whole might not be due to TFP changes but instead to relocation of resources between sectors in the group.<sup>21</sup> Therefore, we compute a decomposition proposed by Bernard and Jones (1996), that separates the change in TFP in a group of sectors by changes in TFP for a given sectoral weight (or “pure” TFP changes) and the relocation of resources between sectors.<sup>22</sup> The results computed using the point estimate of the impulses responses are depicted in Table 4.

As can be seen, the effect on Aggregate TFP is highly influenced by relocation of resources across sectors, and in many cases this effect compensates the changes in productivity triggered by the shock. On the other hand, for the two other groups the effect of TFP improvements within the members of each group seem to be most relevant in explaining the responses previously described. Therefore, as TFP in the industrial sector is negatively affected by the shock, the observed positive responses in TFP for these two last groups seems to be mainly driven by Retail and, to a smaller extent, to the effect on Agriculture and Financial services.

### 3.3 Permanent Shocks

We now turn to the analysis of a permanent shock to commodity prices, identified with the VEC methodology outlined above. Figure 11 shows the response of international variables. As can be seen, the shock generates a permanent and significant increase in commodity prices of almost 12%. At the same time, while it seems that the shock also generates an increases in external GDP, the effect does not seem to be significant.

---

<sup>21</sup>Of course, the same argument can be raised for each individual sector, that is composed by the sum of firms within each sector. Unfortunately, we do not have access to the required firm level data to calculate TFP for each firm.

<sup>22</sup>The details of this decomposition can be found in the Appendix

The response of the different GDP measures is displayed in Figure 12. The shock generates a positive and significant response for Agriculture, Industry, Construction, Retail, Financial Services, as well as in the group that excludes mining and utilities and the Non-traded group. However, the statistical significance is only observed in the initial periods; afterwards the confidence bands become too wide to distinguish the responses from zero. At the aggregate level, as well as for the Utilities, Transportation and Personal services sectors, real GDP does not appear to significantly move after the shock. Finally, production in the Mining sector suffers a significant and quite persistent contraction.

As observed with the temporary shock, the industrial sector seems to grow by less than most non-traded sectors. However, as shown in Figure 13, in nominal terms it is not obvious that the industrial sector loses market share relative to the aggregate that excludes mining and energy. The sectors whose nominal shares seem to significantly increase are Retail and Financial services, while Personal services experiences a reduction in nominal terms after the shock. Overall, the nominal share of all Non-traded sectors together is not significantly altered after the shock.

Focusing on the effects of TFP, we can see that the permanent commodity shock generates a persistent reduction in both the Industrial and Utilities sectors that is statistically significant. On the contrary, Retail and Construction, as well as the Non-traded group, experience significant improvements in TFP. For the other sectors, the responses do not appear to be statistically significant.

Here we can also implement the same decomposition used before to assess the role of sectoral relocation of resources to determine the effects on TFP computed for the alternative groups of sectors. Similarly to what we observed with a transitory shock, at the Aggregate level the shock generates relocation effects that are as large or even larger than the improvements in productivity. At the same time, for the group that excludes Mining and Utilities and the one with Non-tradables the relocation between sectors seems to be less important to determine the identified effect on TFP for those particular groups.

## 4 Conclusions

In this paper we took advantage of the data availability for Chile and computed sectoral TFP measures to assess how commodity prices affect this measure of productivity, as well as to identify the effect on aggregate activity. In particular, motivated by the Dutch-disease literature, one goal was to identify the possibly negative effect that such a shock could generate in the Industrial sector. From that perspective, the result we found were somehow mixed. On one hand, real GDP in the Industrial sector seems to either increase or not significantly move after shocks that rise commodity prices. On the other, relative to non-traded sectors the Industrial sector experience a reduction, both in nominal and in real terms. Moreover, TFP in the industrial sector appears to be negatively affected after the shock.

Looking at the economy as a whole, it is not clear that aggregate TFP is significantly altered by the shock to commodity prices. However, we also detected that the effect on the measure of aggregate TFP is highly influenced by relocation of resources across sector. In this respect, both the Commodities and the Utilities sectors experience a drop in output and in TFP in response to an increase in commodity

prices. In fact, once we measure TFP for an aggregate that excludes these two sectors we found significant improvements in TFP, with a minor role for sectoral relocations. Therefore, while it is true that TFP in the industrial sector is negatively affected by a rise in commodity prices, the positive effect in non-traded sectors (particularly in Retail) seems to generate an aggregate expansion in TFP.

The results of this empirical analysis might offer some guide to model builders that are interested in capturing both aggregate and sectoral effects of commodity price shocks. The simplest models assume that commodities are an endowment and therefore the effect of a rise in commodity prices is modeled as a wealth effect. In such a model, generally a commodity price shock tend to decreases GDP in the industrial sector (because domestic agents can substitute them with imported goods), while increasing it in the non-trade sector. However, we have seen here that GDP in the industrial sector rises after a positive shock. To make the model closer to this empirical results, several modifications are available. First, one can consider (as in our empirical results) that the commodity price shock tends to increase (with a delay) global activity, which can also rise the demand for industrial goods as well. Another alternative is to consider sectoral interactions, where both the commodities and non-traded sectors use industrial goods as intermediate input. Thus, the expansion in these sectors will further raise the demand for industrial goods.

Another model choice that needs to be carefully selected is the endogeneity of TFP. Most models use some variant of a learning-by-doing model, where TFP tends to increase with the scale of the sector. But such a mechanism is at odds with the empirical results we have obtained, for TFP in the industrial sector is reduced despite the increase in GDP in that sector. One alternative could be to explicitly model the R&D process in all the sectors, where R&D firms decide in which sector to invest looking not at the individual GDP of the sector but instead based on its expected performance relative to other sectors. Thus, although GDP in the industrial sector might increases, R&D is redirected towards the other sectors as they expand in relative terms, generating a contraction in TFP in the industrial sector.

## References

- [1] Barro, R., 1999, “Notes on Growth Accounting,” *Journal of Economic Growth*, 4 (2), pp 119-137, June
- [2] Bernard, A. and C. Jones, 1996. “Productivity across industries and countries: time series theory and evidence,” *The Review of Economics and Statistics*, 135-146.
- [3] Beyer, H. and R. Vergara., 2002. “Productivity and Economic Growth: the Case of Chile.” in *Economic Growth: Sources, Trends and Cycles*, edited by N. Loayza and R. Soto. Santiago: Central Bank of Chile.
- [4] Bjrnland, H.. and L. Thorsrud, 2014, “Boom or Gloom? Examining the Dutch Disease in Two-Speed Economies ,” *Norges Bank Working Paper* 12-2014.
- [5] Chumacero, R. and R. Fuentes., 2002. “On the determinants of the Chilean Economic Growth”, *Working Papers Central Bank of Chile* 134, Central Bank of Chile.
- [6] Collier, P. and B. Goderis, 2008. “Commodity Prices, Growth, and the Natural Resource Curse: Reconciling a Conundrum,” MPRA Paper 17315, University Library of Munich, Germany.
- [7] Corbo V., y R. Gonzalez., 2014. “Productivity and Economic Growth in Chile”, in *Growth Opportunities for Chile*, editado por V. Corbo (eds.), CEP, Santiago, Chile: Editorial Universitaria.
- [8] Costello, D. M., 1993. “A Cross-Country, Cross-Industry Comparison of Productivity Growth.” *Journal of Political Economy* 101(2): 207-222.
- [9] Fuentes, R., M., Larraín, and K. Schmidt-Hebbel., 2006. “Sources of Growth and Behavior of TFP in Chile”, *Latin American Journal of Economics*, Instituto de Economía, Pontificia Universidad Católica de Chile, vol. 43(127), 113-142.
- [10] Henríquez, C., 2008. “Stock de capital en Chile (1985-2005): Metodología y Resultados”, *Economic Statistics Series* 63, Central Bank of Chile.
- [11] Gallego, F. and N. Loayza., 2002. “The Golden Period for Growth in Chile: Explanations and Forecasts.” *Journal Economía Chilena*, Central Bank of Chile, vol.5(1), 37-67 .
- [12] Garca-Cicco, J. and E. Kawamura, 2015. Dealing with the Dutch disease: Fiscal rules and macroprudential policies, *Journal of International Money and Finance*, Volume 55, July, Pages 205-239
- [13] Garca-Cicco, J. and R. Montero, 2012. “Modeling and Forecasting Copper Price: A Regime Switching Approach,” (in Spanish), *Economía Chilena*, vol 15(2), August.
- [14] Hevia, C., Neumeayer, A., Nicolini, J., 2013. “Optimal monetary and Fiscal policy in a New Keynesian model with a Dutch disease: The case of complete markets.” Working Paper, Universidad Torcuato Di Tella.

- [15] IMF, 2015, “The End Of The Commodity Supercycle And Gdp Growth: The Case Of Chile,” IMF Country Report No.15/228, August.
- [16] Lama, R. and J.P. Medina, 2012. “Is exchange rate stabilization an appropriate cure for the Dutch disease?” *Int. J. Central Bank.* 8, 5e46.
- [17] Magud, N. and S. Sosa, 2013. “When and why worry about real exchange rate appreciation? The missing link between Dutch disease and growth.” *J. Int. Commer. Econ. Policy* 4, 1e27.
- [18] Medina, J. P. and A. Naudon, 2012. “Labor Market Dynamic in Chile: The Role of the Terms of Trade,” *Journal Economa Chilena (The Chilean Economy)*, Central Bank of Chile, vol. 15(1), pages 32-75, April.
- [19] Magendzo I., and M. Villena., 2012. “Evolución de la Productividad Total de Factores”, *Informe Técnico*, CORFO and Universidad Adolfo Ibaez, Santiago.
- [20] Pieschacon, A., 2012, “The value of fiscal discipline for oil-exporting countries,” *Journal of Monetary Economics*, Vol. 59, Issue 3, April, Pages 250-268.
- [21] Raddatz, Claudio, 2007, “Are External Shocks Responsible for the Instability of Output in Low-Income Countries?,” *Journal of Development Economics* 84, 155-187.
- [22] Rivero, R., y R. Vergara., 2006. “Productividad Sectorial en Chile: 1986-2001,” *Latin American Journal of Economics*, Instituto de Economía, Pontificia Universidad Católica de Chile., vol. 43(127), 143-168.
- [23] Roldós, J., 1997. “El Crecimiento del Producto Potencial en Mercados Emergentes: el caso de Chile.” in *Análisis Empírico del Crecimiento Económico en Chile*, edited by F. Morandé and R. Vergara. Santiago: Centro de Estudios Públicos, ILADES/Georgetown.

## Appendix - TFP decomposition

Let  $TFP_t$  denote total factor productivity in a group of  $N$  sectors. By definition,

$$TFP_{it} = \frac{GDP_{it}}{(L_{it})^{\alpha_i} (K_{it})^{1-\alpha_i}}, \text{ for } i=1, \dots, N \text{ and } TFP_t = \frac{GDP_t}{(L_t)^\alpha (K_t)^{1-\alpha}}$$

Additionally, notice that due to the chain-weighted structure of real GDP data in Chile, we have  $GDP_t = \sum_{i=1}^N GDP_{it} \beta_{it}$ , where  $\beta_{it} = P_{it}/P_t$ .<sup>23</sup>

Given the definition of  $TFP_t$  and  $GDP_t$  we can write

$$TFP_t = \frac{\sum_{i=1}^N GDP_{it} \beta_{it}}{(L_t)^\alpha (K_t)^{1-\alpha}} = \sum_{i=1}^N \frac{GDP_{it}}{(L_{it})^{\alpha_i} (K_{it})^{1-\alpha_i}} \beta_{it} \frac{(L_{it})^{\alpha_i} (K_{it})^{1-\alpha_i}}{(L_t)^\alpha (K_t)^{1-\alpha}} = \sum_{i=1}^N TFP_{it} \omega_{it}$$

where  $\omega_{it} = \beta_{it} \frac{(L_{it})^{\alpha_i} (K_{it})^{1-\alpha_i}}{(L_t)^\alpha (K_t)^{1-\alpha}}$ . With this, comparing  $TFP_t$  versus that in a reference period  $TFP_0$ ,

$$\begin{aligned} TFP_t - TFP_0 &= \sum_{i=1}^N TFP_{it} \omega_{it} - \sum_{i=1}^N TFP_{i0} \omega_{i0} \\ &= \sum_{i=1}^N TFP_{it} \omega_{it} - \sum_{i=1}^N TFP_{i0} \omega_{i0} - \sum_{i=1}^N TFP_{it} \omega_{i0} + \sum_{i=1}^N TFP_{it} \omega_{i0} \\ &= \sum_{i=1}^N (TFP_{it} - TFP_{i0}) \omega_{i0} + \sum_{i=1}^N TFP_{it} (\omega_{it} - \omega_{i0}) \end{aligned}$$

Therefore, the change in aggregate TFP can be decomposed in two terms: the first due to pure TFP changes, while the second is due to relocation and changes in relative prices. Finally, if we divide the expression by  $TFP_0$ , we get

$$\begin{aligned} \frac{TFP_t - TFP_0}{TFP_0} &= \sum_{i=1}^N \left( \frac{TFP_{it} - TFP_{i0}}{TFP_{i0}} \right) \frac{TFP_{i0}}{TFP_0} \omega_{i0} + \sum_{i=1}^N \frac{TFP_{it}}{TFP_{i0}} \frac{TFP_{i0}}{TFP_0} (\omega_{it} - \omega_{i0}) \\ &= \sum_{i=1}^N \left( \frac{TFP_{it} - TFP_{i0}}{TFP_{i0}} \right) \gamma_{i0} + \sum_{i=1}^N \frac{TFP_{it}}{TFP_{i0}} \frac{TFP_{i0}}{TFP_0} (\omega_{it} - \omega_{i0}) \end{aligned}$$

where  $\gamma_{i0} = \frac{GDP_{i0} P_{i0}}{GDP_0 P_0}$  is the nominal share of sector  $i$  in period 0.

To compute this decomposition, for each group of sectors (Aggregate, Excluding Mining and Utilities, and Non-Tradables) we compute  $\frac{TFP_t - TFP_0}{TFP_0}$  and  $\frac{TFP_{it} - TFP_{i0}}{TFP_{i0}}$  using the impulse responses. For the shares  $\gamma_{i0}$  we report results using the average in the whole sample.<sup>24</sup> With these we can compute

<sup>23</sup>When national accounts are not chain-weighted but computed instead using a base year, it holds that  $GDP_t = \sum_{i=1}^N GDP_{it}$  by definition.

<sup>24</sup>Alternatively, we have computed the results using the average share between starting in 2000 and also starting in 2006, but results are quite similar, and thus we omit them.



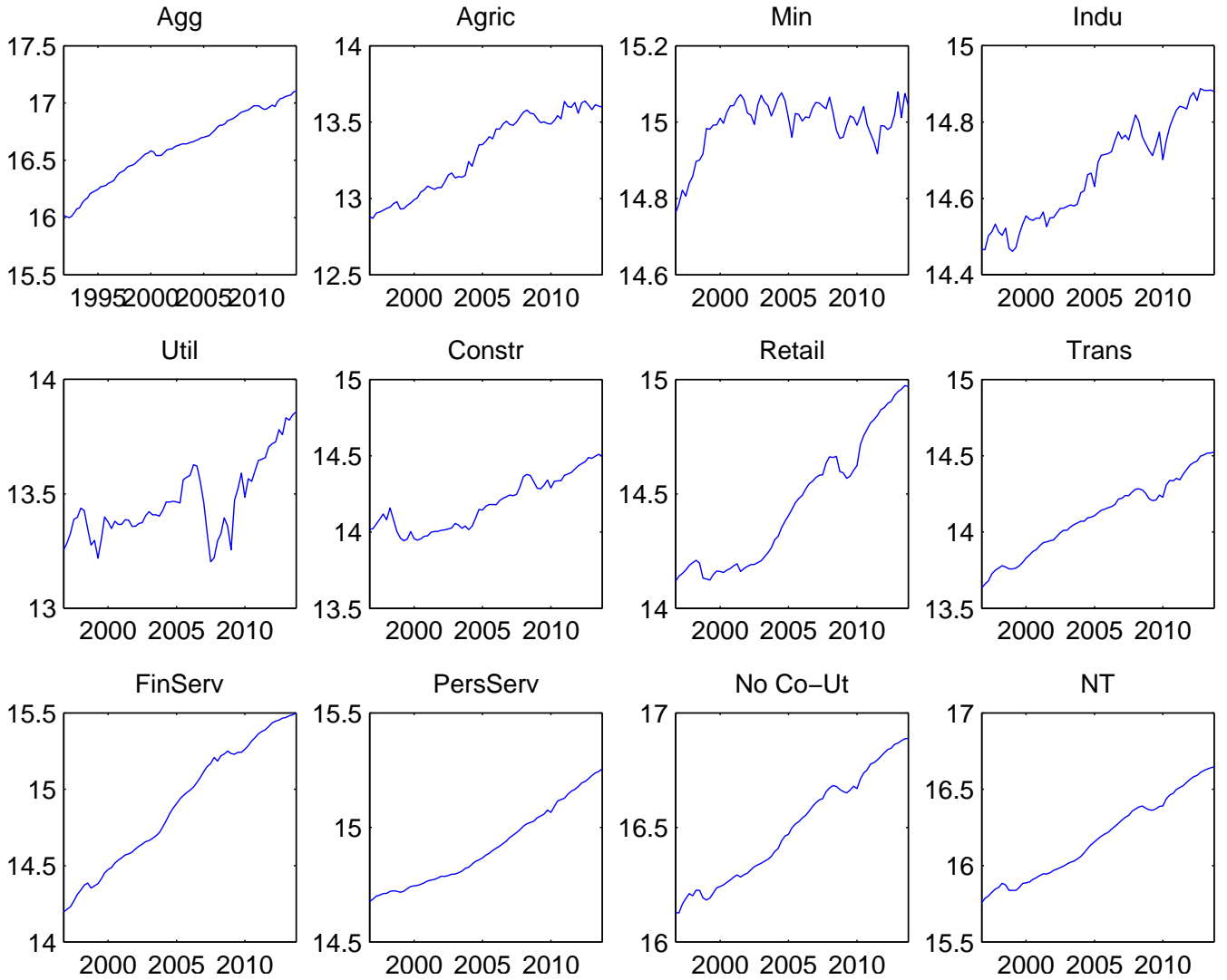
the first term in the decomposition, and we obtain the second as the difference.

## Data Definitions and Sources

Variable	Definition and Methodology	Data Source
GDP	Real GDP in millions 2008.	Central Bank of Chile, Compilación de Referencia 2008.
Employment	Number of workers in the labor force.	INE, old and new Employment Surveys. Series joined formerly by the Central Bank of Chile.
Aggregate labor share	Share of capital in national income for period 1960-2005 with correction for income share of independent workers.	Taken from Fuentes et al.(2006) with data from National Accounts, Central Bank of Chile.
Sectorial labor share	Total labor remunerations to value added of each sector Corbo and Gonzalez (2012).	Data from the Income Accounts from the old National Accounts, Central Bank of Chile, Compilación de Referencia 2003.
Hours worked	Sum of hours worked in a year. Average weekly hours worked multiplied by the number of weeks in a year.	INE old and new Employment Surveys.
Labor quality index	Average wage of workers with educational attainment $i$ relative to average wage of workers with no education multiplied by the share of workers of a certain educational attainment $i$ to the total amount of workers.	CASEN Survey, Ministry of Planification and Cooperation.
Capital stock	Real capital stock in millions of pesos 2008. Data for the year 2013 are estimates.	Capital stock series constructed by Henríquez (2008), Central Bank of Chile.
Capital utilization	Deviations of energy consumption from its trend. The cycle is obtained with a HP filter with $\lambda = 6.25$ for annual data and $\lambda = 1600$ for quarterly data. Data on final energy consumption includes: hydroelectricity, coal, natural gas, oil and wood (teracalories).	National Energy Balances, Ministry of Energy.

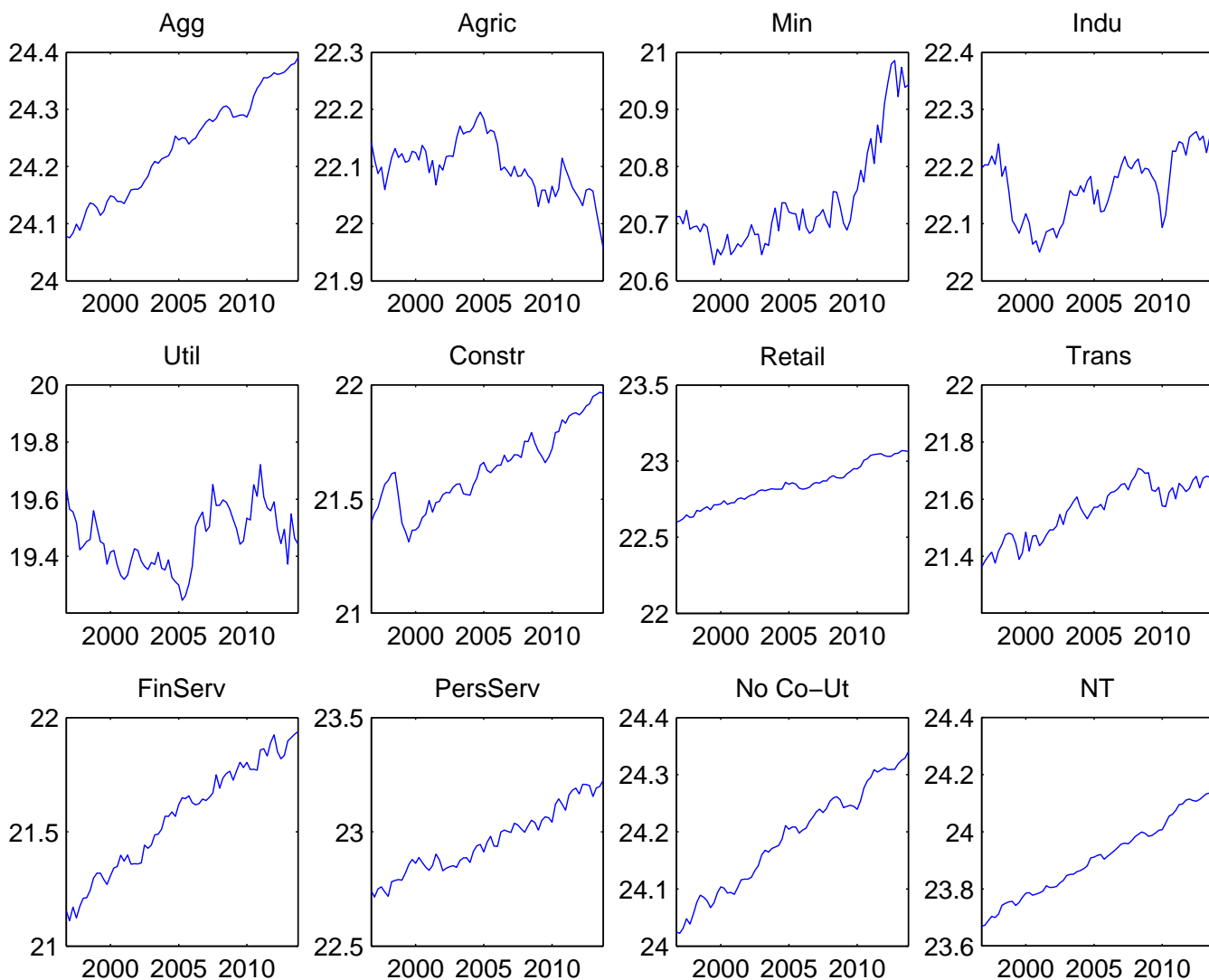
## Appendix - Figures

Figure 1: Real GDP data.



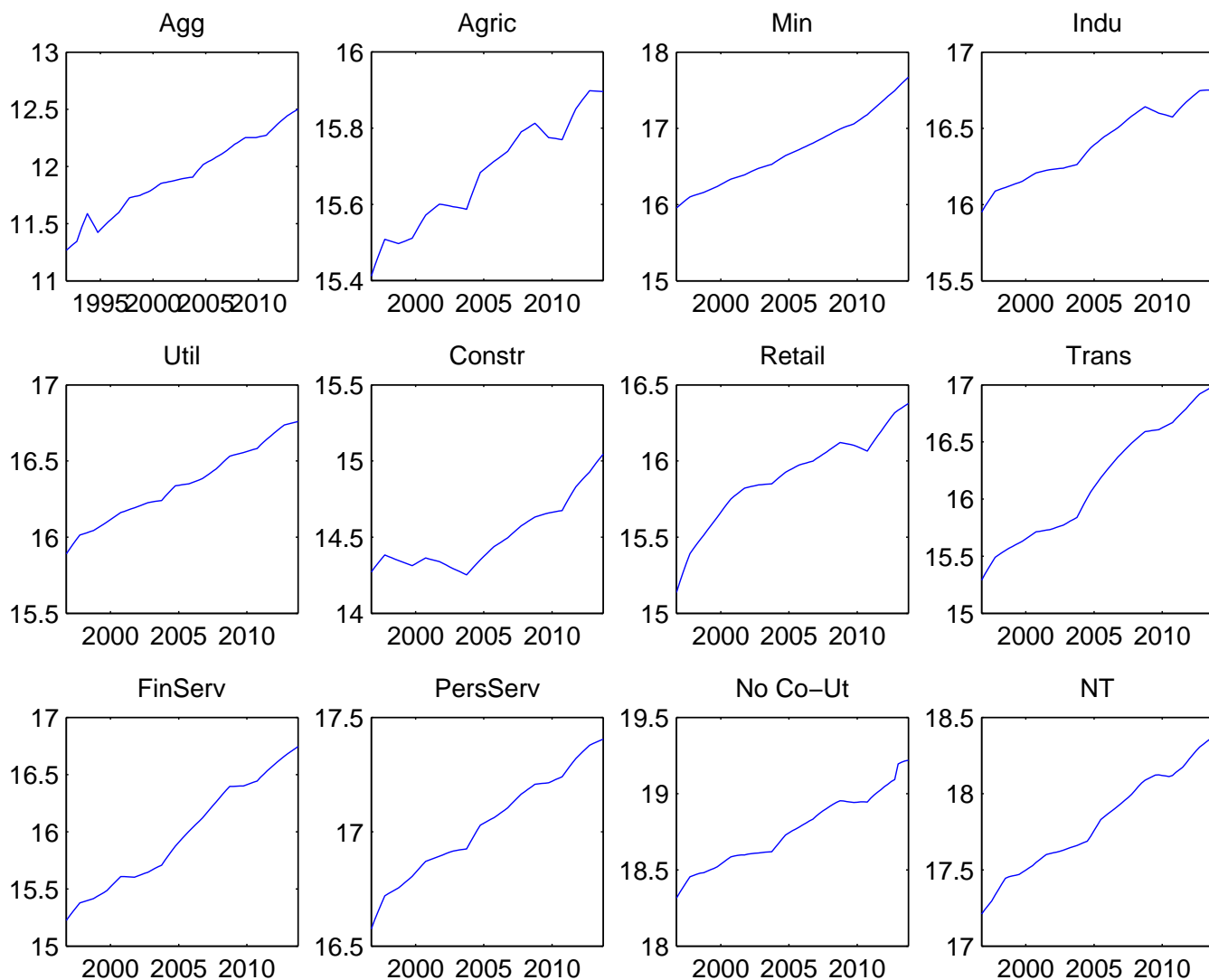
Note: The variables correspond to Aggregate, Agricultural, Mining, Industry, Utilities, Construction, Retail, Transportation, Financial Services, Personal Services, Aggregate excluding Mining and Utilities, and Non tradables (Construction, Retail, Transportation, Financial Services, and Personal Services).

Figure 2: Adjusted Labor.



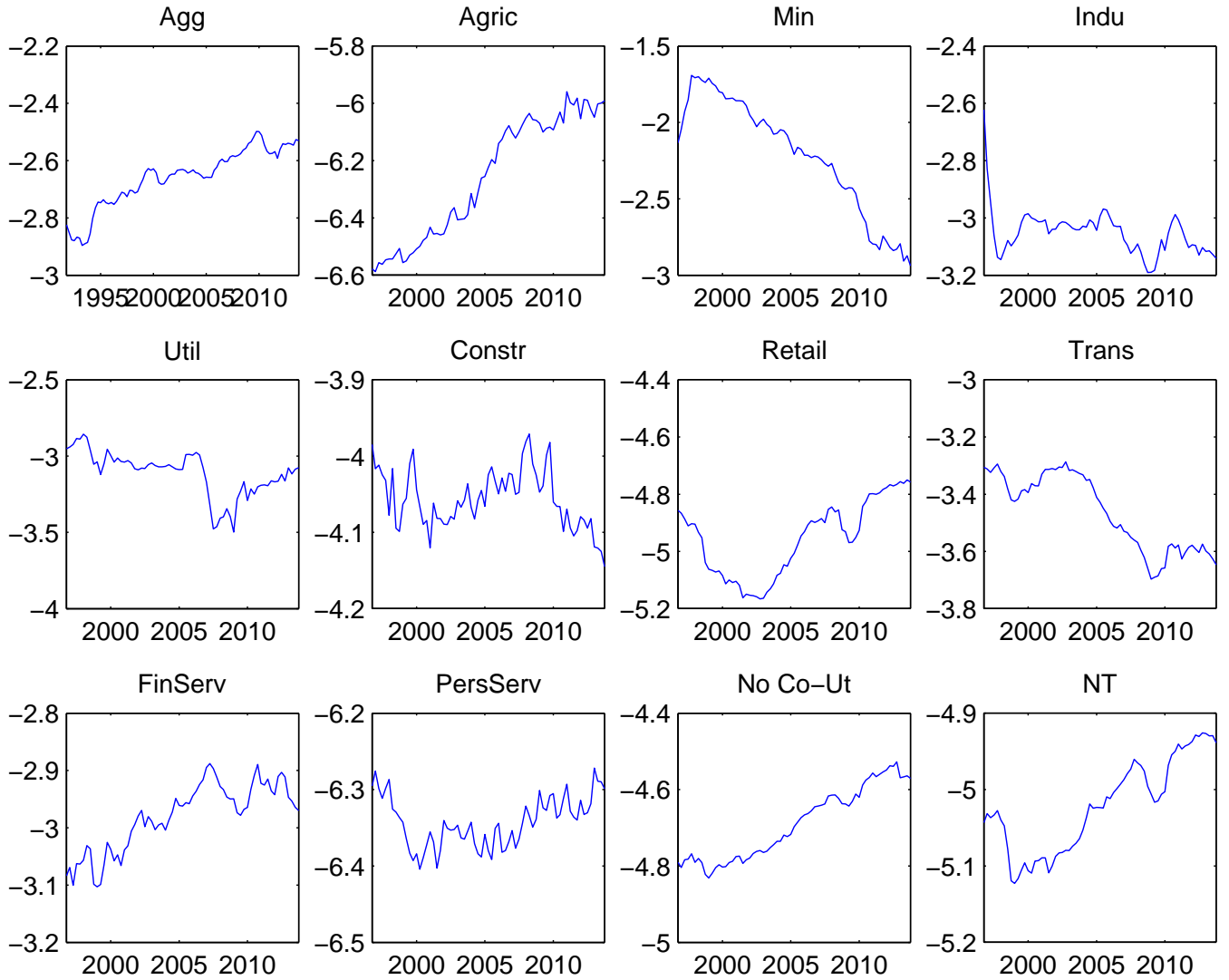
Note: The variables correspond to Aggregate, Agricultural, Mining, Industry, Utilities, Construction, Retail, Transportation, Financial Services, Personal Services, Aggregate excluding Mining and Utilities, and Non tradables (Construction, Retail, Transportation, Financial Services, and Personal Services).

Figure 3: Adjusted Capital stock.



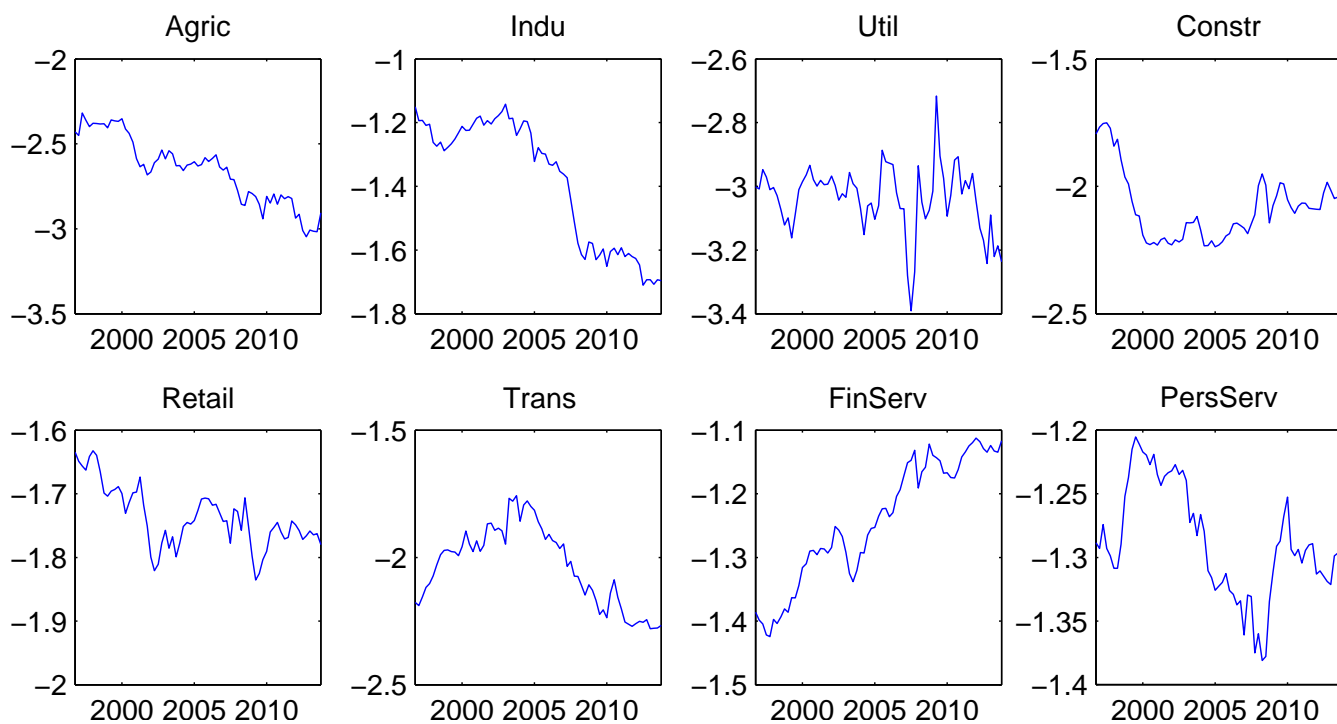
Note: The variables correspond to Aggregate, Agricultural, Mining, Industry, Utilities, Construction, Retail, Transportation, Financial Services, Personal Services, Aggregate excluding Mining and Utilities, and Non tradables (Construction, Retail, Transportation, Financial Services, and Personal Services).

Figure 4: Total Factor Productivity.



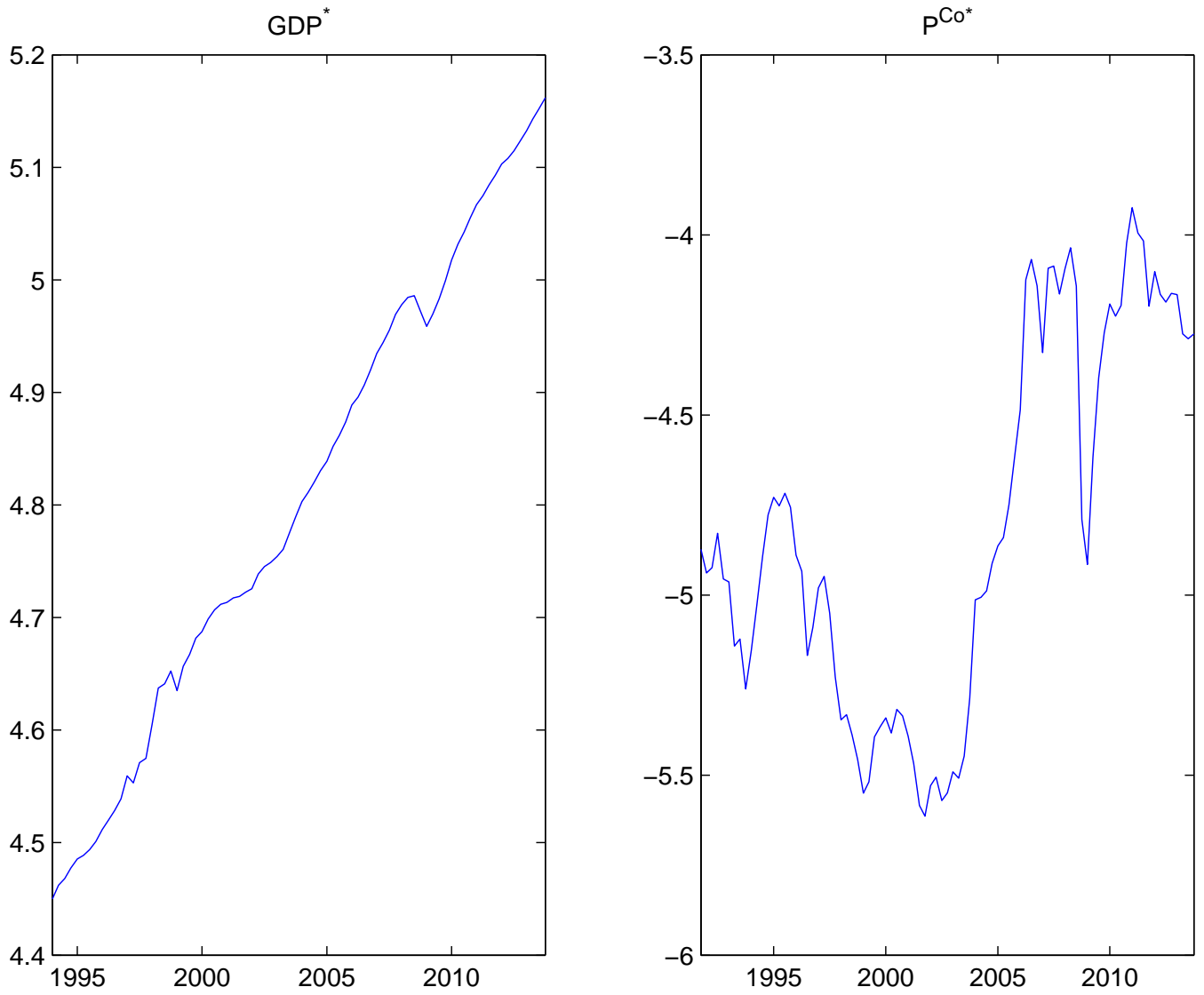
Note: The variables correspond to Aggregate, Agricultural, Mining, Industry, Utilities, Construction, Retail, Transportation, Financial Services, Personal Services, Aggregate excluding Mining and Utilities, and Non tradables (Construction, Retail, Transportation, Financial Services, and Personal Services).

Figure 5: Shares of nominal GDP (as a percentage of GDP excluding Mining and Utilities)



Note: The variables correspond to Agricultural, Industry, Construction, Retail, Transportation, Financial Services, Personal Services.

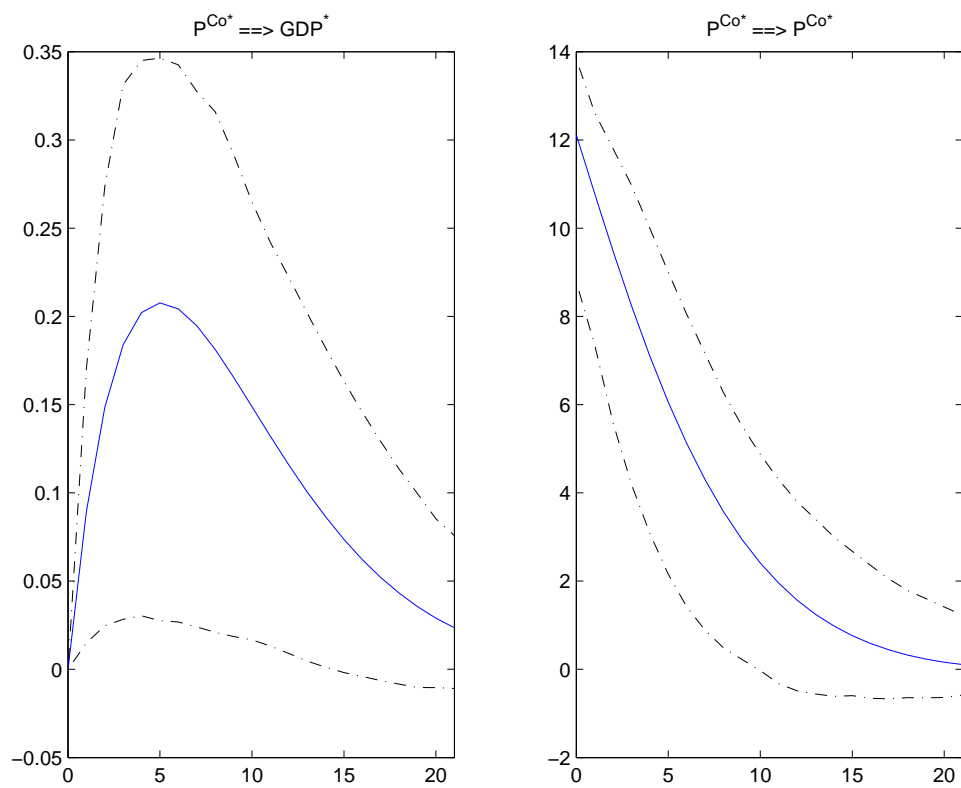
Figure 6: International variables



Note: The variables are, from left to right, GDP of Chile's comercial partners, and the international price of Copper.

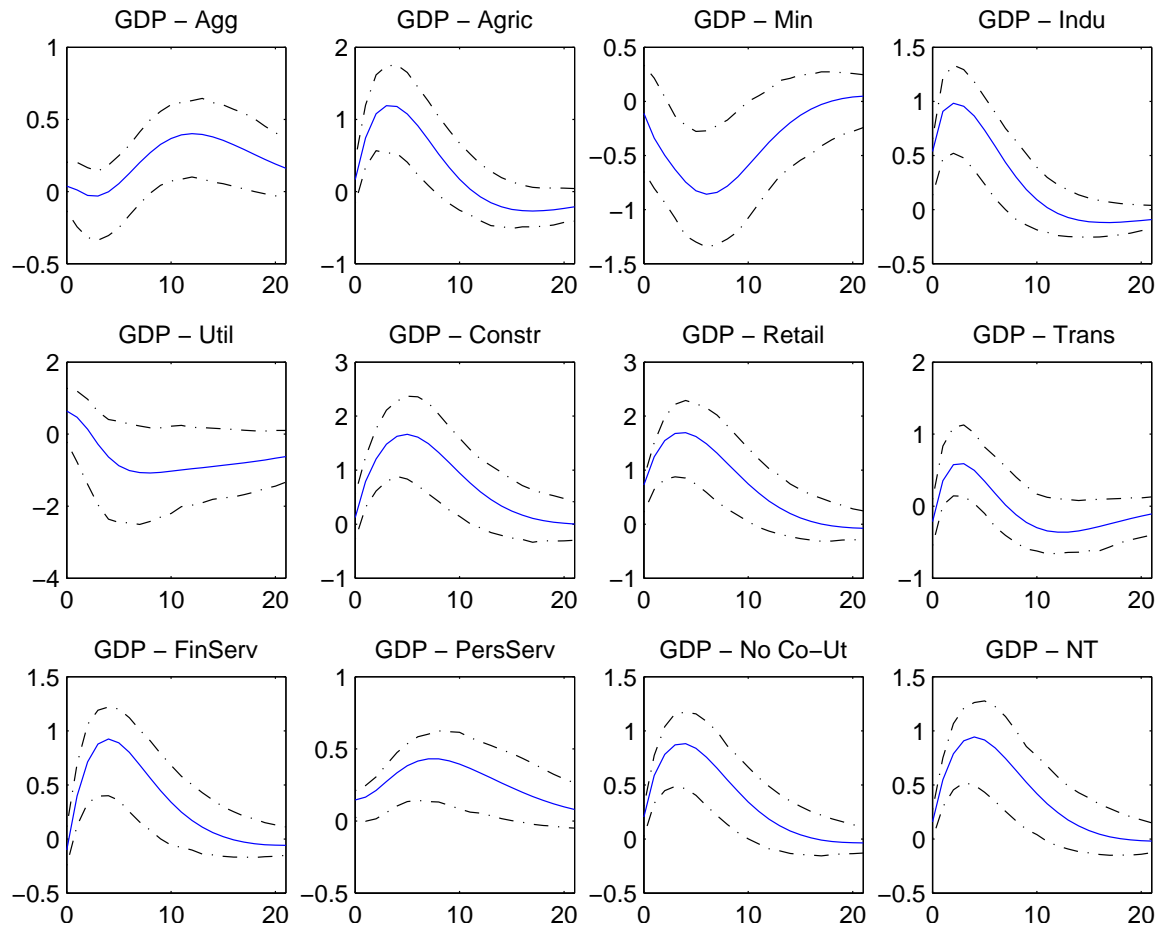


Figure 7: Responses of international variables to a temporary commodity price shock.



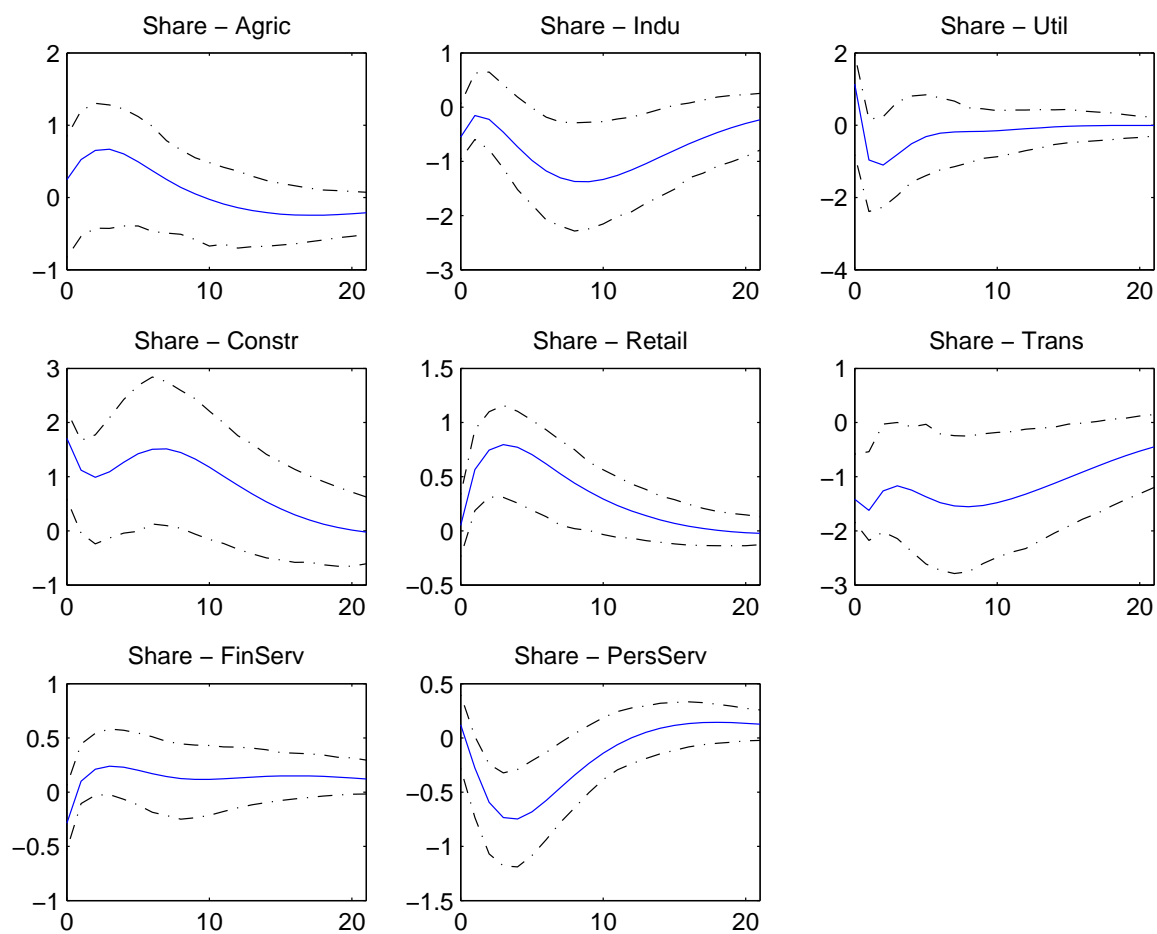
Note: The solid-blue lines are impulse responses obtained from the VAR, and the dashed-dotted black lines represent 95% confidence bands for the responses. Responses are in percentage. The variables are, from left to right, GDP of Chile's commercial partners, and the international price of Copper.

Figure 8: Responses of GDP to a temporary commodity price shock.



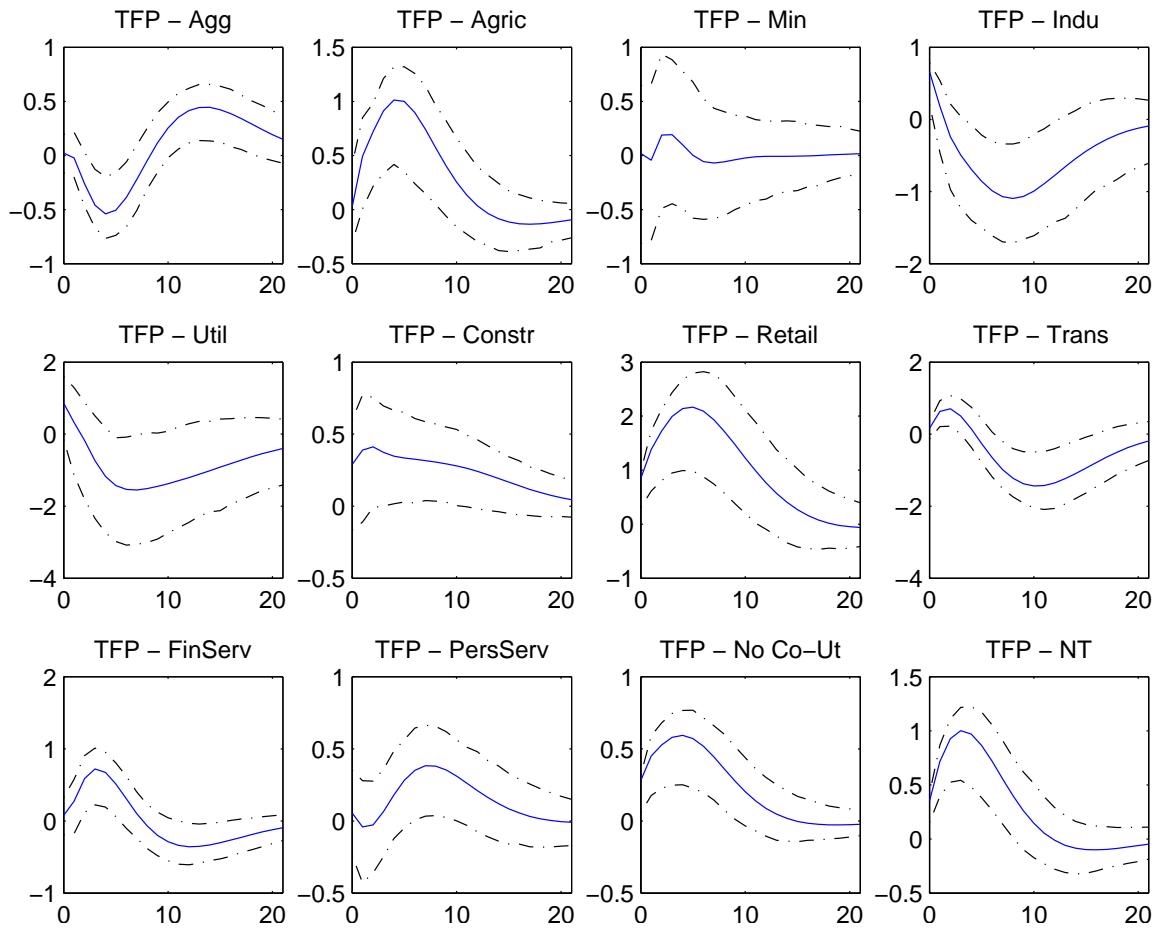
Note: The solid-blue lines are impulse responses obtained from the VAR, and the dashed-dotted black lines represent 95% confidence bands for the responses. Responses are in percentage. The variables correspond to, from left to right, Aggregate, Agricultural, Mining, Industry, Utilities, Construction, Retail, Transportation, Financial Services, Personal Services, Aggregate excluding Mining and Utilities, and Non tradables (Construction, Retail, Transportation, Financial Services, and Personal Services).

Figure 9: Responses of Nominal Shares (as a percentage of GDP excluding Commodities and Utilities) to a temporary commodity price shock.



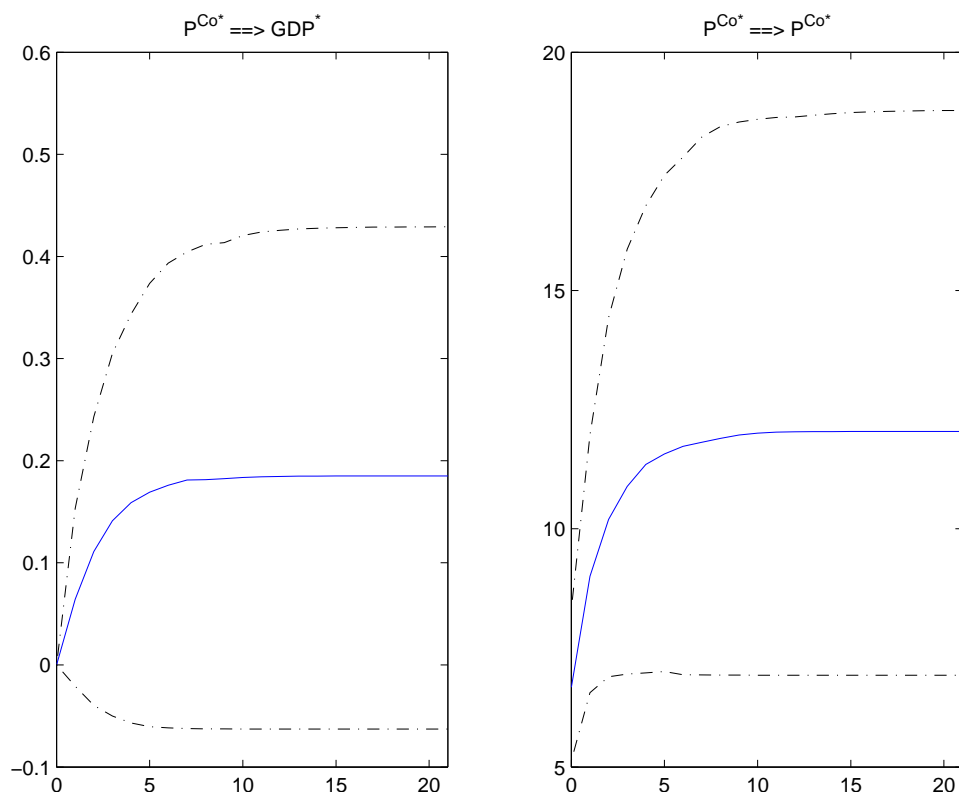
Note: The solid-blue lines are impulse responses obtained from the VAR, and the dashed-dotted black lines represent 95% confidence bands for the responses. Responses are in percentage. The variables correspond to, from left to right, Agricultural, Industry, Construction, Retail, Transportation, Financial Services, Personal Services.

Figure 10: Responses of TFP to a temporary commodity price shock.



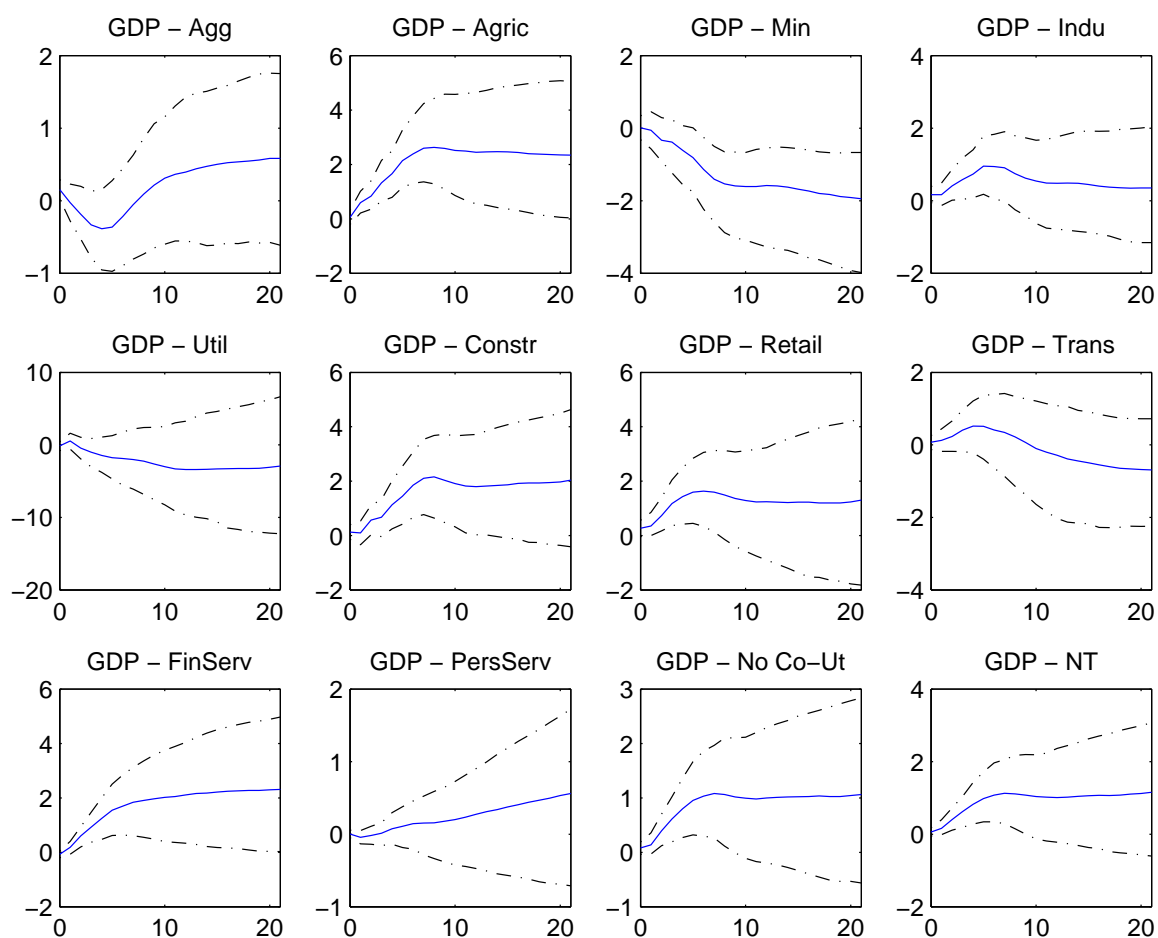
Note: The solid-blue lines are impulse responses obtained from the VAR, and the dashed-dotted black lines represent 95% confidence bands for the responses. Responses are in percentage. The variables correspond to, from left to right, Aggregate, Agricultural, Mining, Industry, Utilities, Construction, Retail, Transportation, Financial Services, Personal Services, Aggregate excluding Mining and Utilities, and Non tradables (Construction, Retail, Transportation, Financial Services, and Personal Services).

Figure 11: Responses of international variables to a permanent commodity price shock.



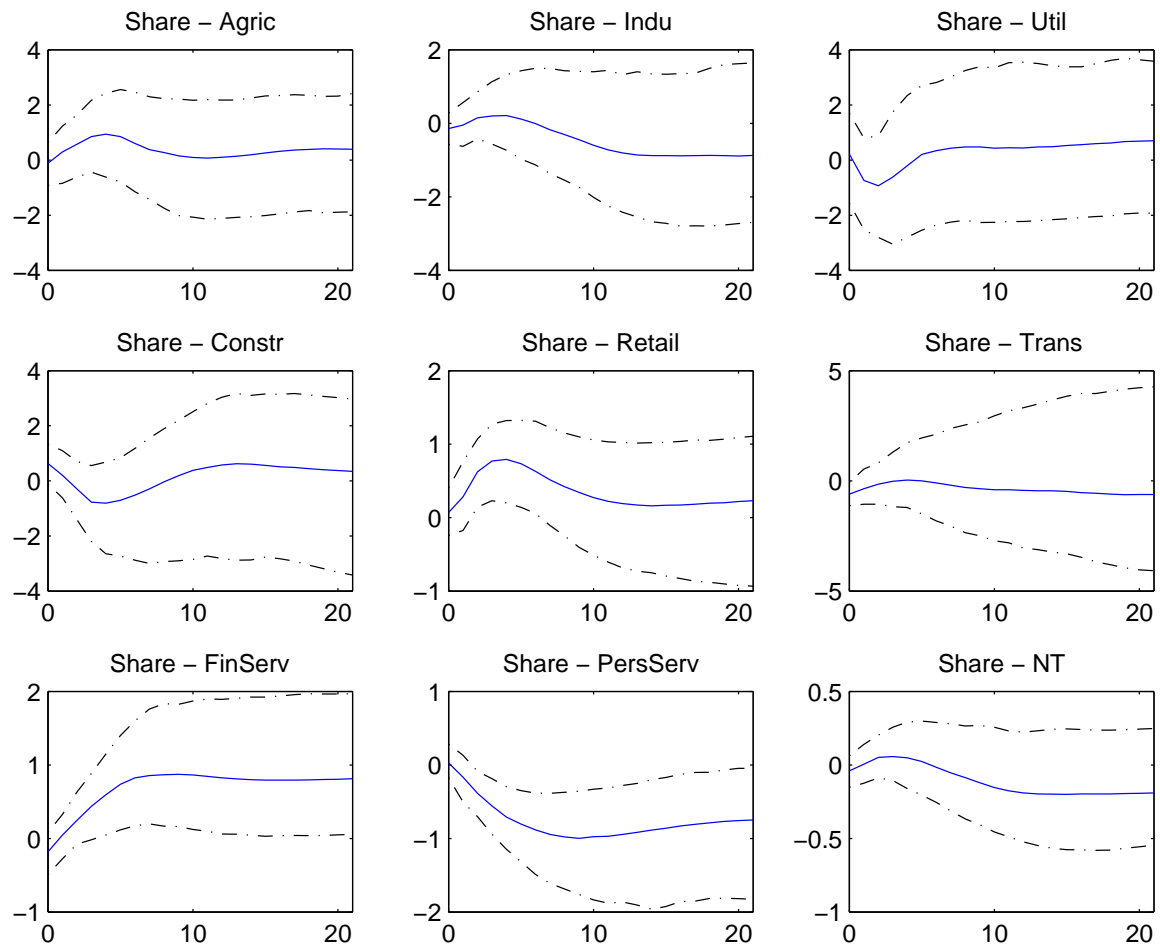
Note: The solid-blue lines are impulse responses obtained from the VEC, and the dashed-dotted black lines represent 95% confidence bands for the responses. Responses are in percentage. The variables are, from left to right, GDP of Chile's commercial partners, and the international price of Copper.

Figure 12: Responses of GDP to a permanent commodity price shock.



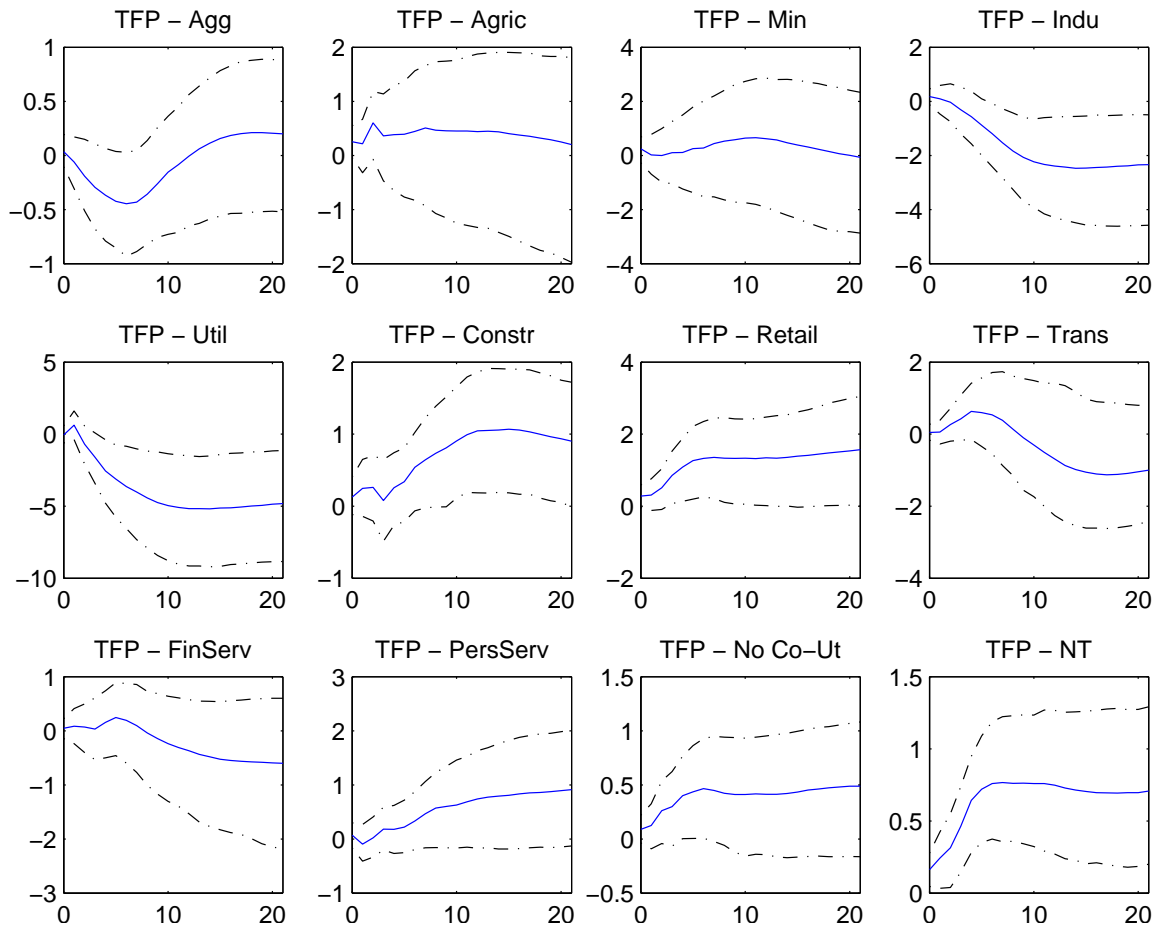
Note: The solid-blue lines are impulse responses obtained from the VEC, and the dashed-dotted black lines represent 95% confidence bands for the responses. Responses are in percentage. The variables correspond to, from left to right, Aggregate, Agricultural, Mining, Industry, Utilities, Construction, Retail, Transportation, Financial Services, Personal Services, Aggregate excluding Mining and Utilities, and Non tradables (Construction, Retail, Transportation, Financial Services, and Personal Services).

Figure 13: Responses of Nominal Shares (as a percentage of GDP excluding Commodities and Utilities) to a permanent commodity price shock.



Note: The solid-blue lines are impulse responses obtained from the VEC, and the dashed-dotted black lines represent 95% confidence bands for the responses. Responses are in percentage. The variables correspond to, from left to right, Agricultural, Industry, Construction, Retail, Transportation, Financial Services, Personal Services.

Figure 14: Responses of TFP to a permanent commodity price shock.



Note: The solid-blue lines are impulse responses obtained from the VEC, and the dashed-dotted black lines represent 95% confidence bands for the responses. Responses are in percentage. The variables correspond to, from left to right, Aggregate, Agricultural, Mining, Industry, Utilities, Construction, Retail, Transportation, Financial Services, Personal Services, Aggregate excluding Mining and Utilities, and Non tradables (Construction, Retail, Transportation, Financial Services, and Personal Services).



## Appendix - Tables

Table 1: Labor income shares

Sector	Labor Income Share
Aggregate Economy	60.0
Agriculture	37.1
Mining	18.8
Manufacturing	30.2
Utilities	13.5
Construction	65.0
Retail	63.2
Transportation	35.1
Financial Services	45.3
Personal Services	71.3
No Co-Ut	60.0
NT	56.1

Source: Fuentes et al. (2006); Corbo and Gonzalez (2012).

Table 2: Unit Root Tests

Variable	Unit Root Tests		
	DF GLS	ZA (trend & Intercept)	ZA (Intercept)
TFP Aggregate	yes	yes	yes
TFP Agriculture	yes	yes	yes
TFP Mining	yes	no	no
TFP Industry	yes	no	no
TFP Utilities	yes	no	yes
TFP Construction	yes	no	yes
TFP Retail	yes	yes	yes
TFP Transport	yes	yes	yes
TFP Financial Services	yes	yes	yes
TFP Personal Services	yes	yes	yes
TFP No Co-Ut	yes	yes	yes
Copper Price	yes	yes	yes

Note: Each column reports the results of a different unit root test. The first one is the DF-GLS test, while the other two correspond to Zivot and Andrews test that controls for the presence of breaks (in both the trend and the intercept, as in the second column, or just on the intercept, as in the third column). A ‘yes’ means that the null of unit root cannot be rejected at 5%.

Table 3: Cointegration Tests

Variable	Cointegration With	
	TFP Aggregate	Copper Price
TFP Aggregate	—	no
TFP Agriculture	no	yes
TFP Mining	yes	no
TFP Industry	yes	yes
TFP Utilities	no	no
TFP Construction	yes	yes
TFP Retail	no	yes
TFP Transport	yes	no
TFP Financial Services	no	yes
TFP Personal Services	no	yes
TFP No Co-Ut	no	no

Note: For each possible combination we run three cointegration tests based in Johansen’s methodology: trace, maximum, and information criteria. A ‘yes’ means that the null of cointegration cannot be rejected at 5% for at least two of the tests.

Table 4: Decomposition of TFP effects for selected groups after a temporary shock

Quarters	Aggregate			No Co-Ut			NT		
	TFP only	Relocation	Sum	TFP only	Relocation	Sum	TFP only	Relocation	Sum
0	0.29	-0.27	0.02	0.28	0.31	0.60	0.25	0.04	0.28
4	0.35	-0.89	-0.54	0.60	0.44	1.04	0.69	-0.09	0.60
8	-0.03	-0.01	-0.05	0.36	0.02	0.39	0.27	0.09	0.36
12	-0.20	0.61	0.42	0.09	-0.19	-0.10	-0.06	0.14	0.09
16	-0.16	0.55	0.39	-0.02	-0.16	-0.18	-0.12	0.10	-0.02
20	-0.08	0.28	0.19	-0.03	-0.08	-0.11	-0.07	0.05	-0.03

Note: For each group of sectors (Aggregate, Aggregate excluding Mining and Utilities and Non-tradables) we compute the decomposition presented in the appendix. For each group, the Column labeled ‘TFP only’ reports the percentage growth of TFP in the group that is due to TFP changes within the group members (maintaining weights constant), while the column ‘Relocation’ is the percentage growth of TFP in the group that is due to relocation of resources between sectors in the group. This is reported for different quarters after the shock. The sum of the two columns in each quarter equals the point estimate of the impulse response reported in the figures.

Table 5: Decomposition of TFP effects for selected groups after a permanent shock

Quarters	Aggregate			No Co-Ut			NT		
	TFP only	Relocation	Sum	TFP only	Relocation	Sum	TFP only	Relocation	Sum
0	0.13	-0.09	0.04	0.08	0.12	0.20	0.10	-0.01	0.08
4	0.12	-0.46	-0.34	0.40	0.22	0.62	0.40	0.00	0.40
8	-0.05	-0.27	-0.32	0.42	0.04	0.46	0.47	-0.05	0.42
12	-0.21	0.21	0.00	0.42	-0.14	0.28	0.38	0.04	0.42
16	-0.29	0.49	0.21	0.44	-0.19	0.25	0.33	0.11	0.44
20	-0.31	0.54	0.23	0.47	-0.17	0.30	0.34	0.13	0.47

Note: For each group of sectors (Aggregate, Aggregate excluding Mining and Utilities and Non-tradables) we compute the decomposition presented in the appendix. For each group, the Column labeled ‘TFP only’ reports the percentage growth of TFP in the group that is due to TFP changes within the group members (maintaining weights constant), while the column ‘Relocation’ is the percentage growth of TFP in the group that is due to relocation of resources between sectors in the group. This is reported for different quarters after the shock. The sum of the two columns in each quarter equals the point estimate of the impulse response reported in the figures.

<p><b>Documentos de Trabajo Banco Central de Chile</b></p> <p><b>NÚMEROS ANTERIORES</b></p> <p>La serie de Documentos de Trabajo en versión PDF puede obtenerse gratis en la dirección electrónica:</p> <p><a href="http://www.bcentral.cl/esp/estpub/estudios/dtbc">www.bcentral.cl/esp/estpub/estudios/dtbc</a>.</p> <p>Existe la posibilidad de solicitar una copia impresa con un costo de Ch\$500 si es dentro de Chile y US\$12 si es fuera de Chile. Las solicitudes se pueden hacer por fax: +56 2 26702231 o a través del correo electrónico: <a href="mailto:bcch@bcentral.cl">bcch@bcentral.cl</a>.</p>	<p><b>Working Papers Central Bank of Chile</b></p> <p><b>PAST ISSUES</b></p> <p>Working Papers in PDF format can be downloaded free of charge from:</p> <p><a href="http://www.bcentral.cl/eng/stdpub/studies/workingpaper">www.bcentral.cl/eng/stdpub/studies/workingpaper</a>.</p> <p>Printed versions can be ordered individually for US\$12 per copy (for order inside Chile the charge is Ch\$500.) Orders can be placed by fax: +56 2 26702231 or by email: <a href="mailto:bcch@bcentral.cl">bcch@bcentral.cl</a>.</p>
--	---

DTBC – 776

**Use of Medical Services in Chile: How Sensitive are The Results to Different Econometric Specifications?**

Alejandra Chovar, Felipe Vásquez y Guillermo Paraje

DTBC – 775

**Traspaso de Tipo de Cambio a Precios en Chile: El Rol de los Insumos Importados y del Margen de Distribución**

Andrés Sansone

DTBC – 774

**Calibrating the Dynamic Nelson-Siegel Model: A Practitioner Approach**

Francisco Ibáñez

DTBC – 773

**Terms of Trade Shocks and Investment in Commodity-Exporting Economies**

Jorge Fornero, Markus Kirchner y Andrés Yany

DTBC – 772

**Explaining the Cyclical Volatility of Consumer Debt Risk**

Carlos Madeira

DTBC – 771

**Channels of US Monetary Policy Spillovers into International Bond Markets**

Elías Albagli, Luis Ceballos, Sebastián Claro y Damián Romero

DTBC – 770

**Fuelling Future Prices: Oil Price and Global Inflation**

Carlos Medel

DTBC – 769

**Inflation Dynamics and the Hybrid Neo Keynesian Phillips Curve: The Case of Chile**

Carlos Medel

DTBC – 768

**The Out-of-sample Performance of an Exact Median-unbiased Estimator for the Near-unity AR(1) Model**

Carlos Medel y Pablo Pincheira

DTBC – 767

**Decomposing Long-term Interest Rates: An International Comparison**

Luis Ceballos y Damián Romero

DTBC – 766

**Análisis de Riesgo de los Deudores Hipotecarios en Chile**

Andrés Alegría y Jorge Bravo

DTBC – 765

**Economic Performance, Wealth Distribution and Credit Restrictions Under Variable Investment: The Open Economy**

Ronald Fischer y Diego Huerta

DTBC – 764

**Country Shocks, Monetary Policy Expectations and ECB Decisions. A Dynamic Non-Linear Approach**

Máximo Camacho, Danilo Leiva-León y Gabriel Pérez-Quiros

DTBC – 763

**Dynamics of Global Business Cycles Interdependence**

Lorenzo Ductor y Danilo Leiva-León

DTBC – 762

**Bank's Price Setting and Lending Maturity: Evidence from an Inflation Targeting Economy**

Emiliano Luttini y Michael Perderson



BANCO CENTRAL  
DE CHILE