

PERIOD-SPECIFICITY
IN GLOBAL AND DOMESTIC BUSINESS CYCLES^[1]

Barry Hughes

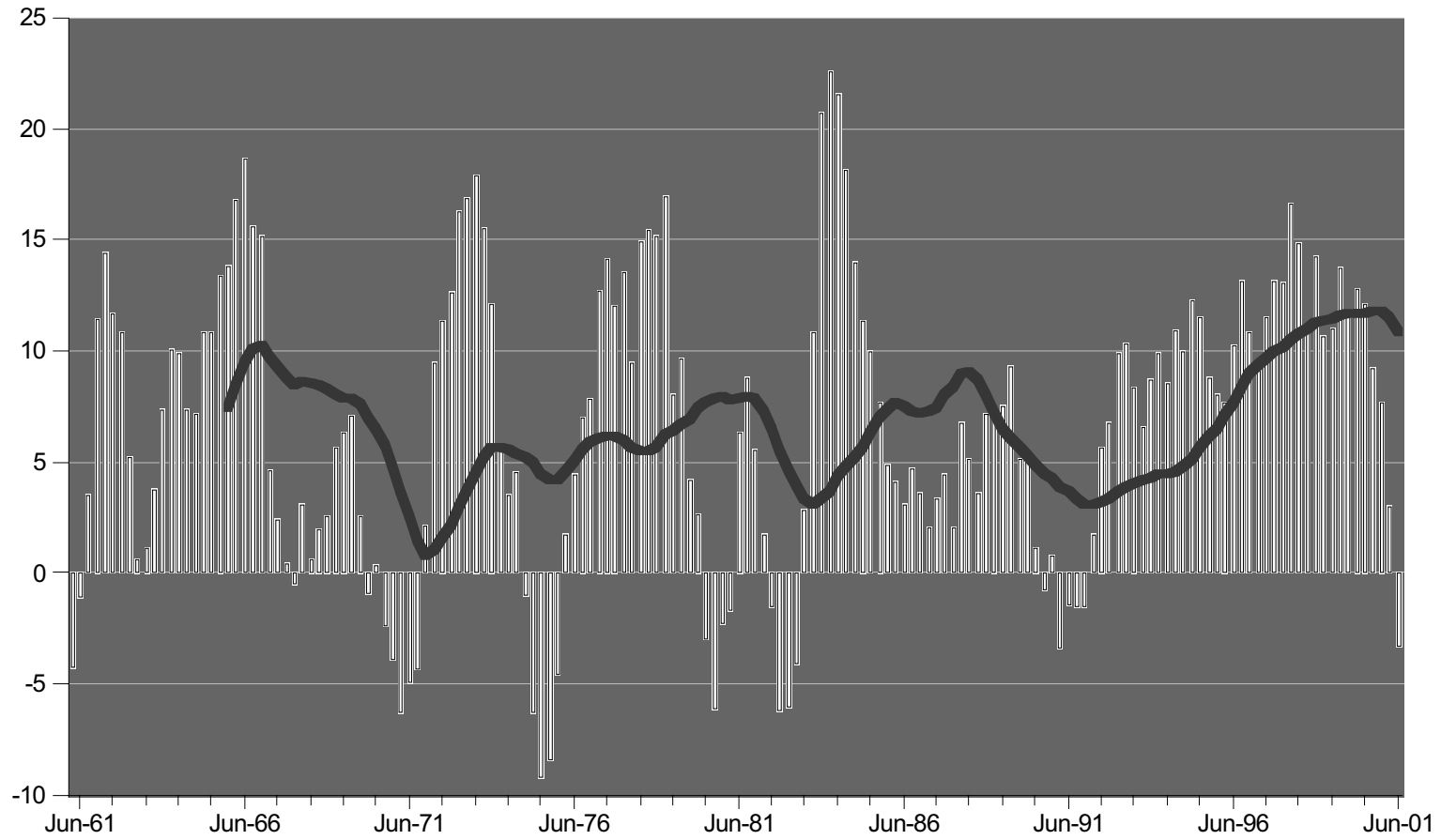
**Speech to 2001 Australian Business
Economists' Forecasting Conference**

Regent Hotel, Sydney
Thursday 6 December, 2001

[1] This is a slightly varied version of a paper previously presented (under the title of “Period-Specific Policy Rules of Thumb”) to a Melbourne Institute Conference on *International Business Cycles and the Impact on Australia*, Melbourne, 8 November, 2001

US EQUIPMENT INVESTMENT

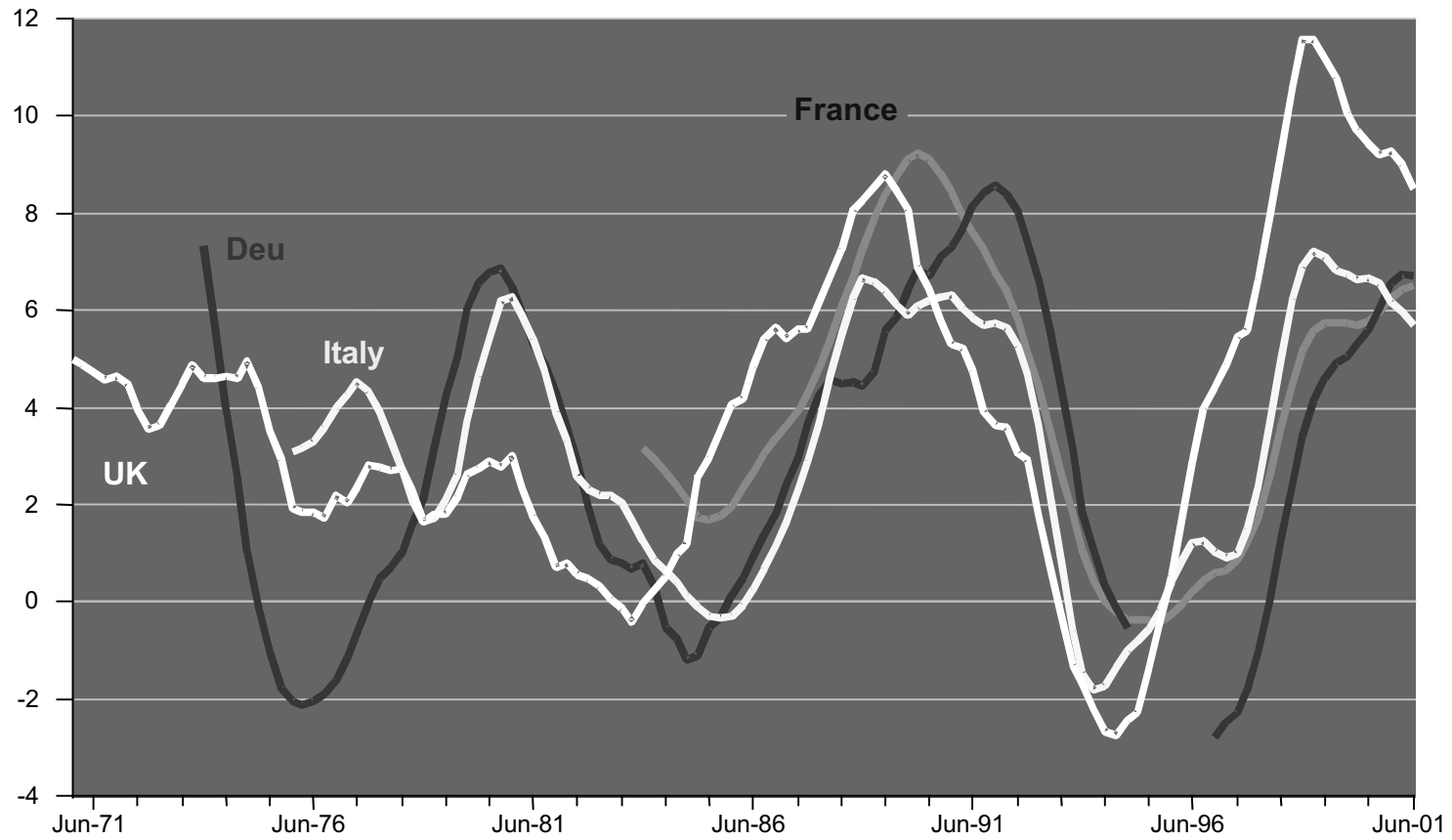
Annual % change and 5-year moving average



Source: OECD, MEI database

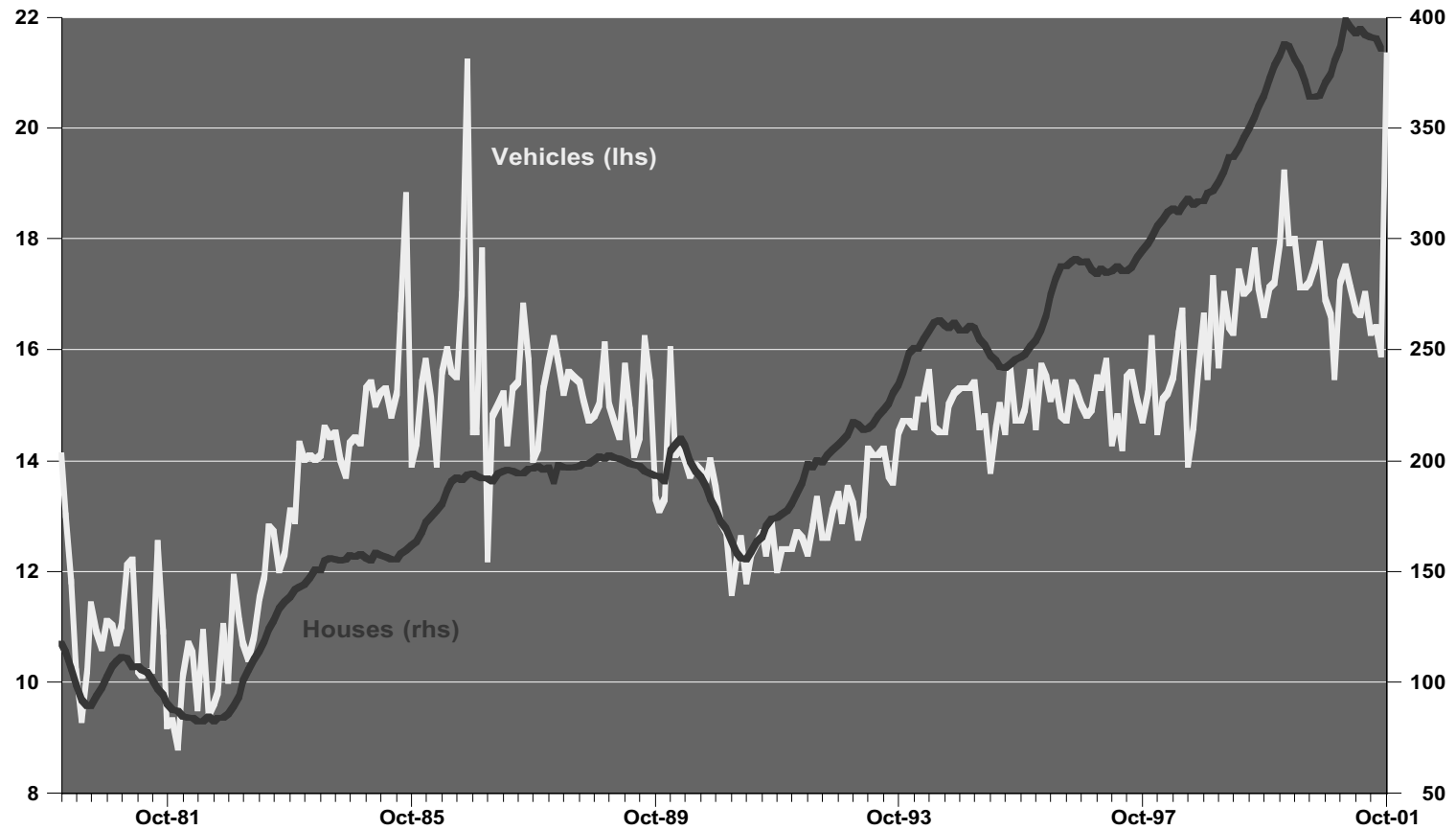
CORE EUROPEAN EQUIPMENT INVESTMENT

5-year moving averages of annual % changes



Source: OECD, MEI database

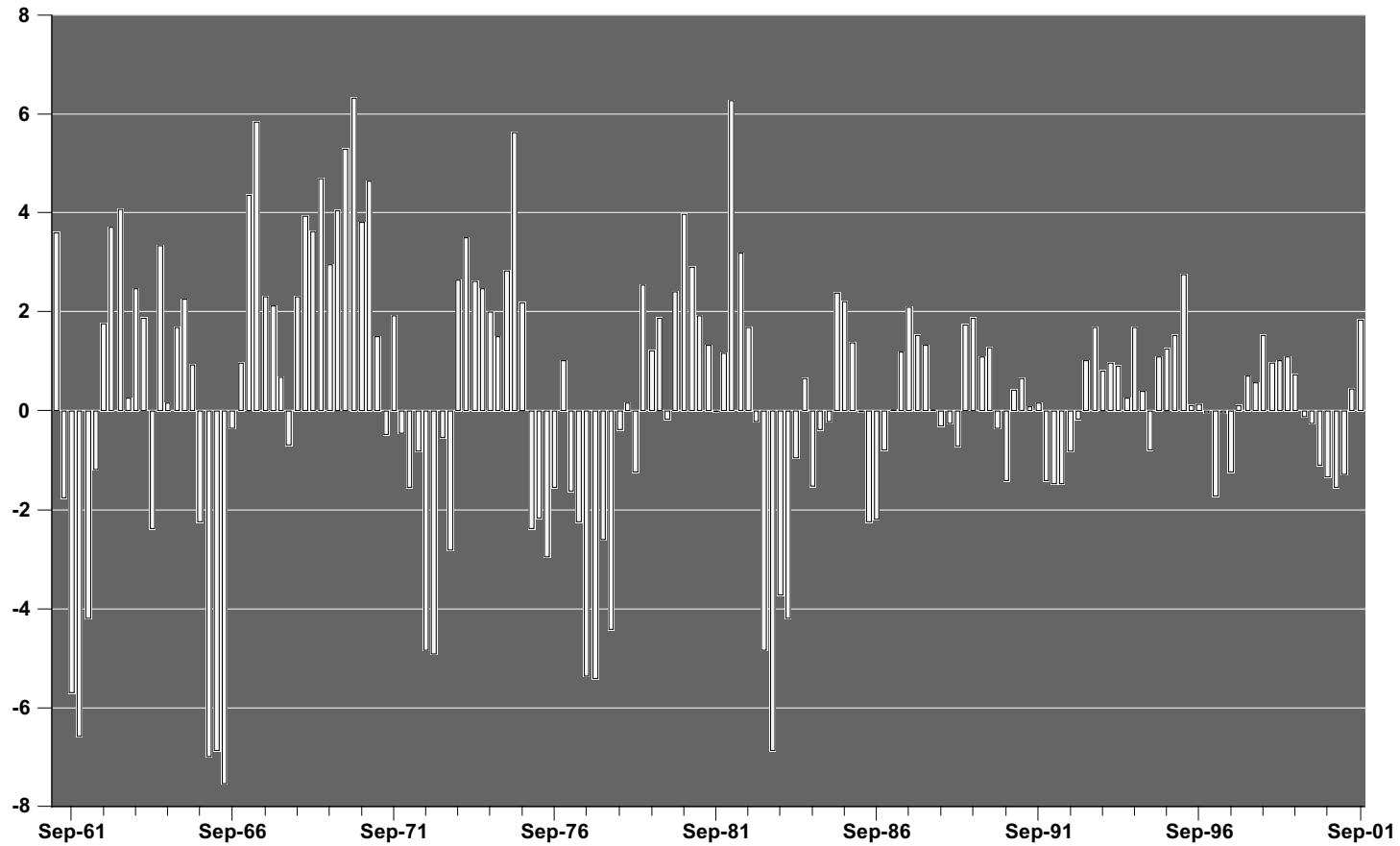
US HOUSING AND VEHICLES AT CYCLICAL PEAKS ALREADY



Sources: MEI database and Bloomberg. Vehicles denotes monthly sales (millions) at annualised rates, while houses refers to private residential work done (nominal USD billions).

AUSTRALIAN MINUS US ANNUAL GDP GROWTH RATES

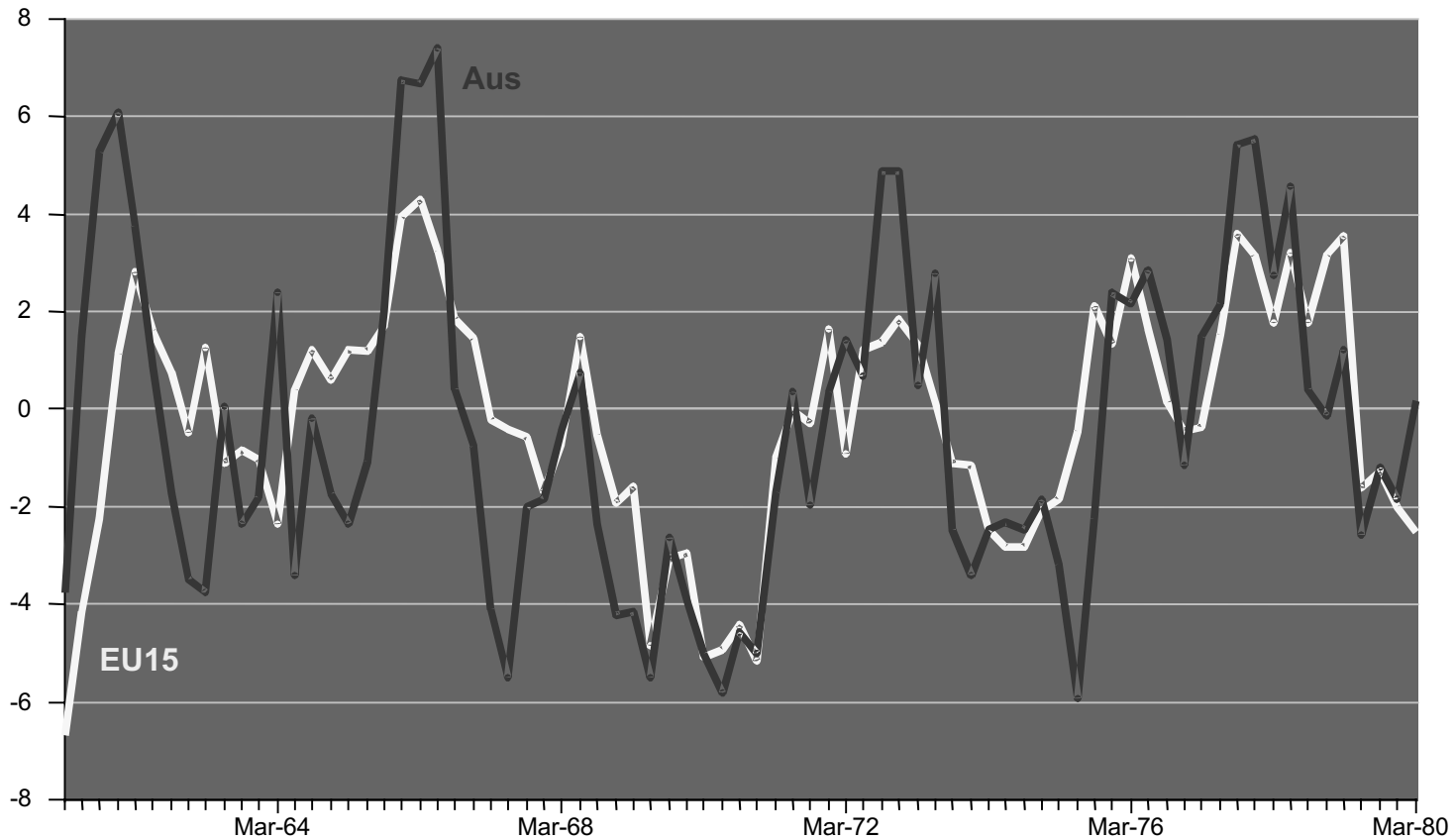
Percentage points



Source: OECD, MEI database

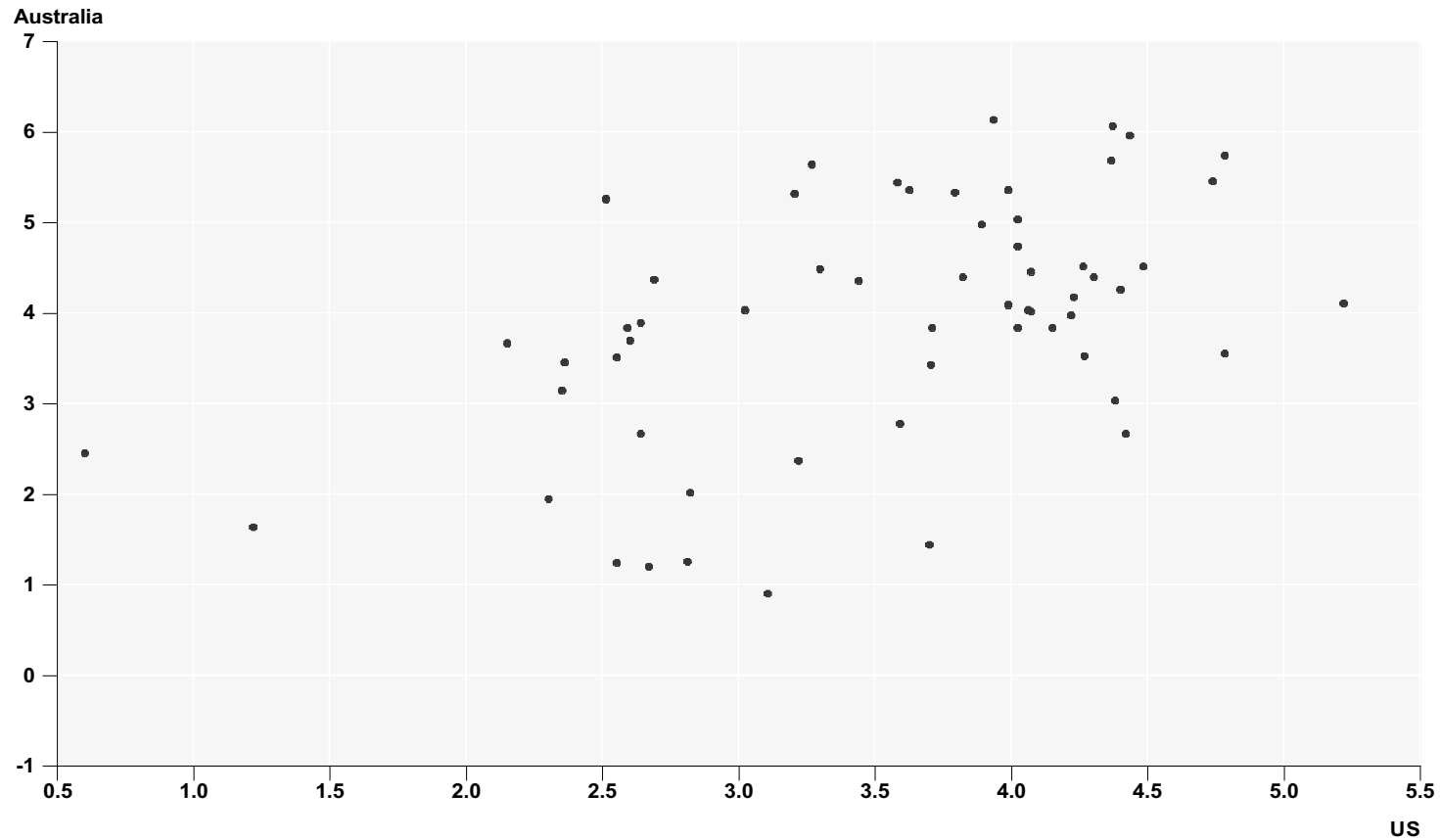
ANNUAL GROWTH DIFFERENCES 1960 – 1980

US minus Australian or EU15 growth



AUSTRALIAN AND US ANNUAL GDP GROWTH

*1985 – 2001 ex early 1990s recession**



* Annual observations from September 1990 to March 1992 have been excluded.

CORRELATION COEFFICIENTS OF CALENDAR GDP GROWTH DATA

	61-00	61-84	85-00	70-00	70-84	85-00
US/Aus	.516	.454	.824	.531		
OECD/Aus	.619	.649	.567	.595		
RBA MTP/Aus	.492	.679	.017	.403		
IMF Global/Aus				.586	.649	.589