

Overview of data and programs for INFLATION EXPECTATIONS AND THE RECOVERY FROM THE GREAT DEPRESSION IN GERMANY

The files provided contain the data and codes needed to reproduce the results in the main text of the paper as well as the graphs in the appendix. More details are given below.

1. **favar**

This folder contains the data and programs to produce figures 4, 5, and 6. The matlab program "favar_preparation.m" loads the data in "data_factor_estimation.xlsx" and performs seasonal adjustments as well as transformations of the data. This requires the IRIS Toolbox to run "seasonal_adjustment.m". The created dataset "final_data.m" is then called by "favar_forecasts.m" to perform the forecasts. The remaining Matlab codes are needed to sample the VAR parameters, covariance matrices, factor loadings, and factors. Since the time dimension of the panel dataset used to estimate the common factors is shorter than that of the price time series due to data availability, the file "prices_timeseries.xlsx" is called to produce figures 5 and 6, so that six and twelve month ahead forecasts can be compared to realized values.

2. **descriptives_news_regressions**

This folder contains the data and programs to produce all remaining figures in the paper. The data is collected in "Data_Mishkin_Binder_HDC.xlsx" with the following spreadsheets:

- *Notes*: Contains general notes about the spreadsheets, which series each contains and their source.
- *Descriptives*: Data used to create Figures 1 and 2. The code "figures_1_2.m" produces the graphs.
- *Inflation_newsseries*: Data used to create Figure 3 and Table 1.
- *Mishkin_data*: Data used to create Figure 7. The code "mishkin_run.do" produces the graph.
- *Binder_data*: Data used to create Table 2 and Figure 8. The code "binder_run.do" produces the table that can be exported as a .tex file and the graph.
- *VAR_Binder*: Data used to create Figures 9 and A.4. The code "HDC_run.m" produces the graph. You can also specify a different ordering in order to produce the robustness results in the appendix.
- *VAR_Mishkin*: Data used to estimate the historical decomposition using expected inflation from real interest rate regressions in the appendix (Figure A.5). Use "HDC_run.m" and set *spec = 'VAR_Mishkin'* in the code.
- *Mitchell_comparison*: Data used to produce the comparison between implied annual inflation rates from the time series used in the paper and from European historical statistics (Mitchell, 1975) in Figure A.1. The code "mitchell_comparison_run.m" produces the graph in the appendix.
- *Wheat_Futures*: Data used to produce graphs of wheat futures prices and implied inflation expectations in the appendix (Figures A.2 and A.3).
- *Additional_newspapers*: Contains the original news counts as well as inflation and deflation news from additional newspapers in the Appendix A.3. The sheet contains comparisons with U.S. data as well as comparisons of inflation news and scaled news measures across German newspapers.