

This readme file describes data sources, data files and program files producing the results in "How Do Housing Markets Affect Local Consumer Prices? – Evidence from U.S. Cities", by C.Y. Choi and Soojin Jo, Journal of Money, Credit and Banking.

Overview: The code in this package generates 14 output files (3 tables and 2 figures) using Gauss (version 21) and Matlab R2021a.

1. Data Availability:

The Data used in this article are obtained from a variety of sources as tabulated in Table A.5 in the Appendix. The data used for empirical estimation are stored in CSV file except for the C2ER retails price data which are proprietary. While all of the required macro-level data are provided the “data” folder, the city-level consumer products’ price data (C2ER) is proprietary and is not included. It can be purchased at <https://www.coli.org/>

- (1) Data_Aggregate.csv: Aggregate data used in FAVAR estimation in Table 3 and Figure 3
- (2) Data_Macro.csv: Macroeconomic data used in FAVAR estimation in Table 3 and Figure 3
- (3) Data_Wage.csv: City-level wage data used in Table 5 and Figure 5
- (4) Data_Unemployment.csv: City-level unemployment used in Table 5 and Figure 5
- (5) Data_CityCharacteristics.csv: City characteristics data used in additional regression reported in Tables 7 and 8 and Figure 4

2. Codes:

File name	Results to replicate	Code type
Table4.g	The results in Table 4 for unit-root and cointegration tests	Gauss
Table 5-1.g	The results in Table 5 for the Granger causality test results	Gauss
Table 5-2.g	The results in Table 5 for the bivariate VECM and panel VECM results	Gauss
Table 7.g	The results in Table 7 for the regression results	Gauss
Figure 5.g	The results in Figure 5 for the long-run effects	Gauss
mainFAVAR.m	For the estimation of the FAVAR model (in Table 3 and Figure 3) by calling in other functions from the “function” folder and generates IRFs of the aggregate- and city-level variables. Generated IRF plots will be saved in the .eps format. It also saves estimated historical demand and supply shocks from the posterior, their respective medians, and median IRFs of the macro variables in a structure named "structuralsh" as 'FAVAR2sh_structural.mat'	Matlab
IVregressions.m	For the results discussed in Table 8. It calls in the IRFs and structural shocks and run a panel regression model to estimate cross-sectional static elasticities of consumer products to local housing price changes.	Matlab