Replication code for Lilley, Maggiori, Neiman, Schreger: "Exchange Rate Reconnect"

I. INTRODUCTION

This README describes the overall structure of the Replication packet for this paper. The code for our project is organized in two steps. First, we have a build file, which takes a number of publicly available price series and concordance files contained in `data/raw` and prepares them for analysis, saving the prepared version of this data in `data/output`. Second, we have an analysis file, where we take the output of these files and generate the tables and figures used in our paper. The uppermost directory of the replication folder therefore has the following seven objects:

   i.   `README.md` (the file you are reading right now)

   ii.   `README.pdf` (the file you are reading right now)

   iii.   `code` (a folder)

   iv.   `data` (a folder)

   v.   `graphs` (a folder for storing output figures)

   vi.   `regs` (a folder for storing output regression tables)

   vii.   `instructions.txt` (a guide to running the code)

II. INSTRUCTIONS

Step 1: Edit line 1 of `code/Load_Globals.do` so that the global variable user_dir points to your directory which contains this readme file

Step 2: Run `code/Master.do`. The master file will in turn

   a) define the necessary globals

   b) run the build file [optional, takes 15 minutes to 1 hour, comment out this line to use the prebuilt output files]

c) run the analysis code to produce the figures and tables
in the paper

III. PROPRIETARY DATA

Most results in the paper are replicable using solely public
data, in which case the raw files can be found in the zip file
on globalcapitalallocation.com. Tables and figures in the paper
which contain references to "Morningstar" in the notes make use
of proprietary data. The requirements for building this dataset
are described in MNS_Data_Guide.pdf contained in the github
repository global-capital-allocation-project/international-
currencies-and-capital-allocation.

We provide the code, but not the data, which generates these
results for the researcher's interest. The analysis code
includes a check to see whether the necessary data files exist
before executing each piece of analysis, in order to replicate
as many results as possible without needing the full proprietary
dataset.

IV. REFERENCES

**Coppola, Antonio, Matteo Maggiori, Brent Neiman, and Jesse
Schreger**, "Redrawing the Map of Global Capital Flows: The Role
of Cross-Border Financing and Tax Havens," 2019.

Du, Wenxin, Joanne Im, and Jesse Schreger, "The U.S. Treasury
Premium," Journal of International Economics, 2018, 112, 167–181

He, Zhiguo., Bryan Kelly, and Asaf Manela, "Intermediary asset
pricing: New evidence from many asset classes". Journal of
Financial Economics 2017, 126, 1–35.

Gilchrist, Simon and Egon Zakrajšek, "Credit spreads and
business cycle fluctuations," American Economic Review, 2012,
102 (4), 1692–1720.

Maggiori, Matteo, Brent Neiman, and Jesse Schreger,
"International Currencies and Capital Allocation," Forthcoming
in Journal of Political Economy, 2019.

Miranda-Agrippino, Silvia, and Hélène Rey, "US Monetary Policy
and the Global Financial Cycle," NBER Working Papers (No.
21722). National Bureau of Economic Research