UK Assignment Example

UK University Database

HAVER ANALYTICS®

Example One

The Phillips Curve

A core analysis for economic study is the Phillips Curve. Highlighting the correlation between inflation and unemployment rates, it offers insight into how monetary and fiscal policy can influence behaviors.

Supported by a dynamic data-driven illustration accessible from Haver, educators can easily present the model's strengths and weaknesses while delving into the underlying conditions, monetary and fiscal policy behaviors and subsequent outcomes over various time periods. Students can interactively engage with the data and overlay other factors to support independent research – both theoretical and econometric in nature.

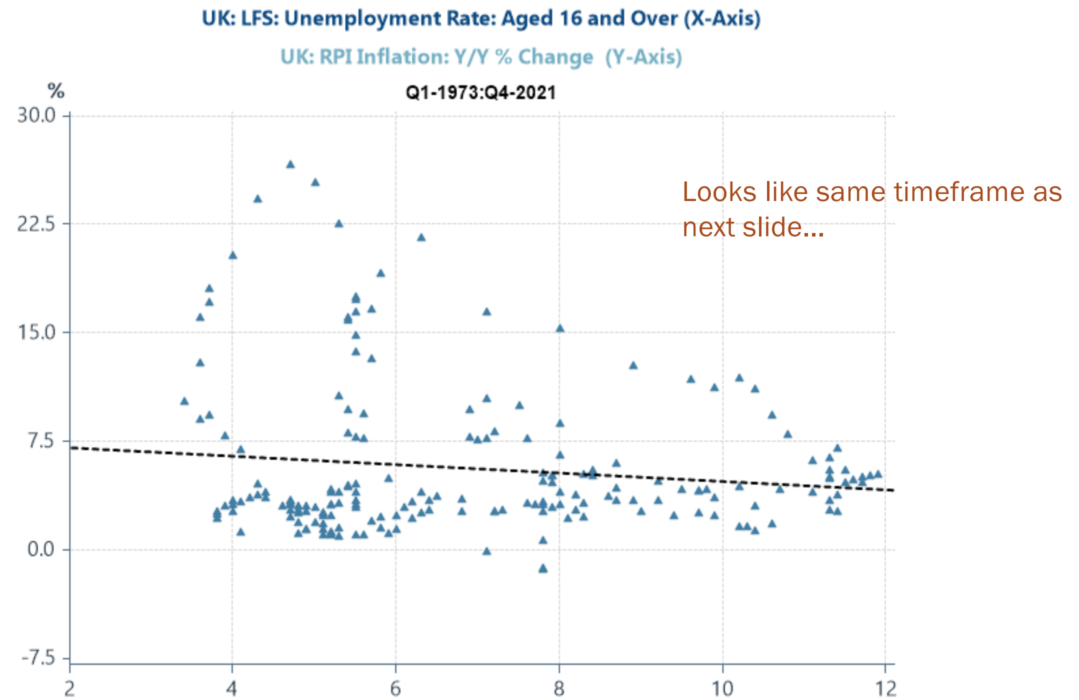
Many Options for Engagement

In an intermediate level macroeconomics tutorial, the lecturer might employ Haver data to show the tradeoff between inflation and unemployment to:

- Demonstrate the dynamic relationship between these two variables
- Plot inflation and unemployment over the past 50 years for example

From this basic information, the study can delve deeper…

Phillips Curve (Q1-1973: Q4-2021)



Source: Office for National Statistics / Haver Analytics

1979-2019 Focus

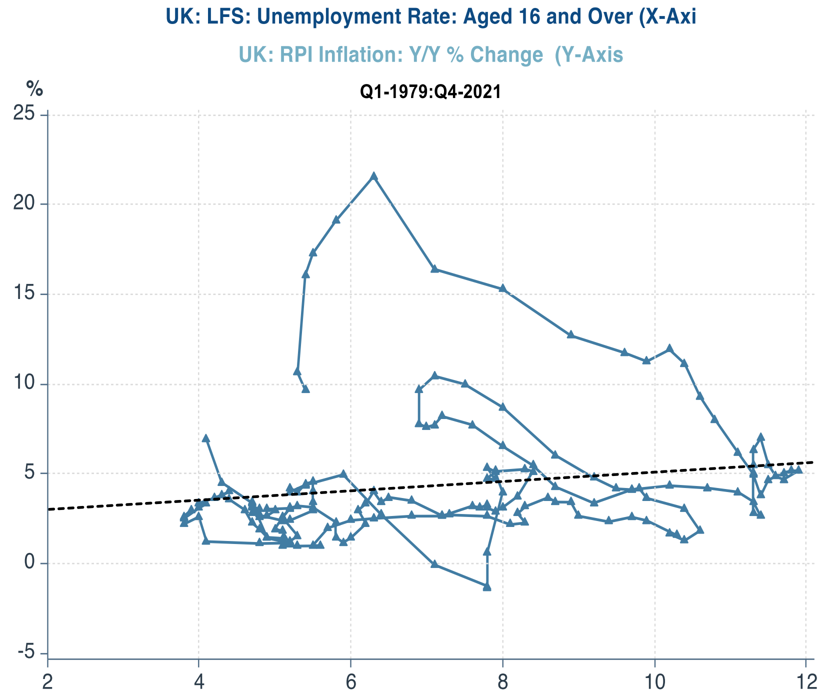
To better view the relationship, a class could focus on the 1979 to 2019 period.

Interactive Analysis

The HaverView™ platform allows students to visualize the data and spot key points. Students can easily:

- Trace the path of the Phillips curve
- Put the cursor over the dots to discern periods of clear tradeoff and other periods of transition
- See the spiraling nature of changes in inflation regimes, especially in the period from 1979-2019.

Phillips Curve (1979-2019)



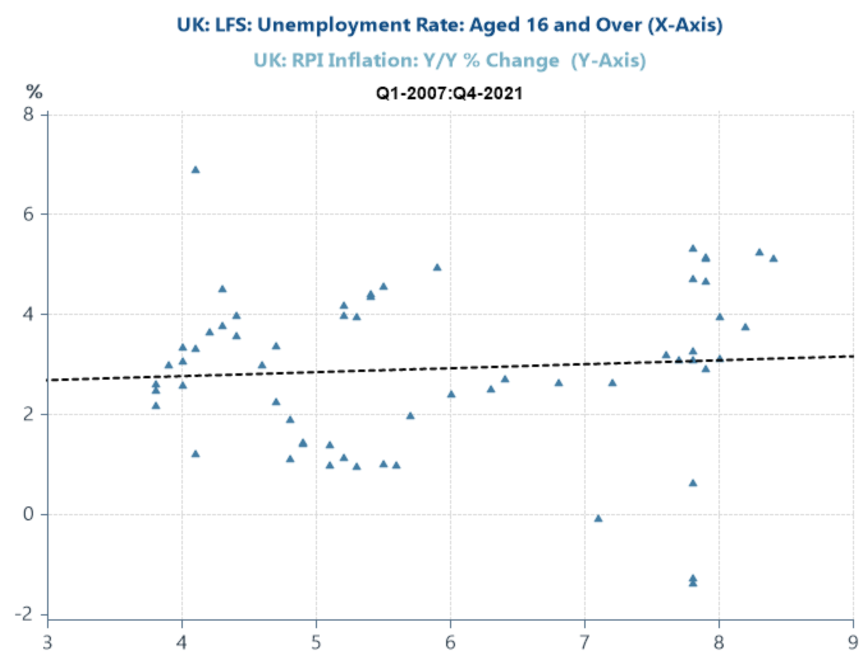
Source: Source: Office for National Statistics / Haver Analytics

Sensitivity to Unemployment

Viewing the data in an even more compressed timeframe highlights the lessening sensitivity of inflation to the unemployment rate.

For instance, the data from 2007-2021 suggests it take would much labour market slack (unemployment) to drive down the inflation rate by a point.

Phillips Curve (2007-2021)



Source: Office for National Statistics/Haver Analytics

Diving Deeper

The Phillips Curve is broadly illustrative.

Discussions can center on the factors underlying a flattening Phillips curve, such as: more services in the consumption basket, globalisation, the tendency of lower inflation rates to be less volatile, and anchored inflation expectations.

- Class discussion could cover the impact on monetary policy of a decline in and flattening of the Phillips curve and the challenge of entrenched inflation
- An econometrics class could derive a relationship by segmenting the data into stable periods to derive the true relationships at various times and measure their strength and direction, perhaps conducting an F-test to demonstrate whether the relationship measurably changed in a statistical sense.
- Students might use various inflation gauges to which might be the best measure of underlying inflation. Or compare wages vs. unemployment.
- Also, students could derive Phillips Curves by finding short-term unemployment and the various alternative measures of labour market slack.

We welcome your inquiries.

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