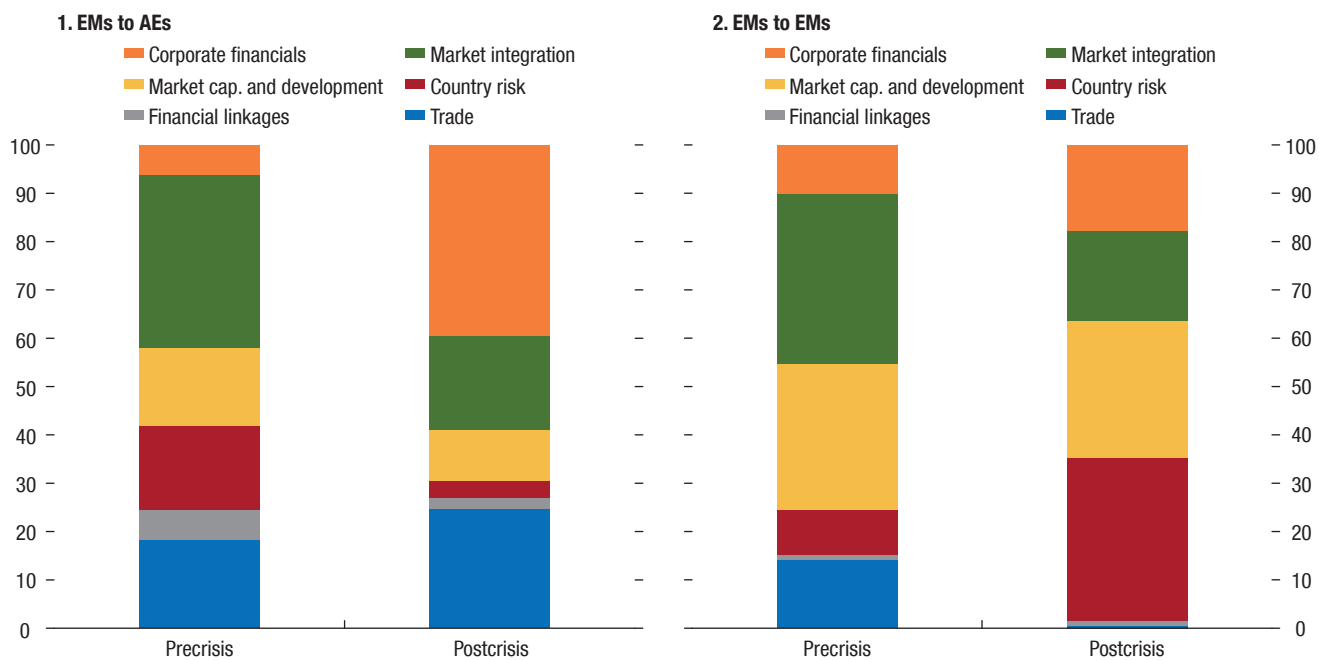


**Figure 2.12. Emerging Market Economy Equity Market Spillovers: Role of Firm-Level Factors**  
(Percentage points)



Sources: Bloomberg, L.P.; Thomson Reuters Datastream; IMF, International Financial Statistics and World Economic Outlook databases; United Nations statistics; and IMF staff calculations.

Note: The figure shows the percent contribution of each variable to the overall regression ( $R^2$ ), using relative weight analysis as described in Nathans, Oswald, and Nimon 2012. Corporate financials include interest coverage ratio (inverse of leverage), current ratio (liquidity), return on equity (profitability), and external financing dependence. They are measured in absolute differences between transmitter and receiver. AE = advanced economy; Country risk = receiver's International Country Risk Guide rating relative to transmitter; EM = emerging market economy; Financial linkages = spillover receiver's foreign direct investment flows; Market cap. and development = respectively, spillover transmitter's equity market capitalization (sector) and financial institution development of the spillover receiver; Market integration = de facto measures (transparency of government policymaking) of market segmentation; Trade = bilateral trade (sector level). Definitions of variables are in Annex Table 2.2.1.