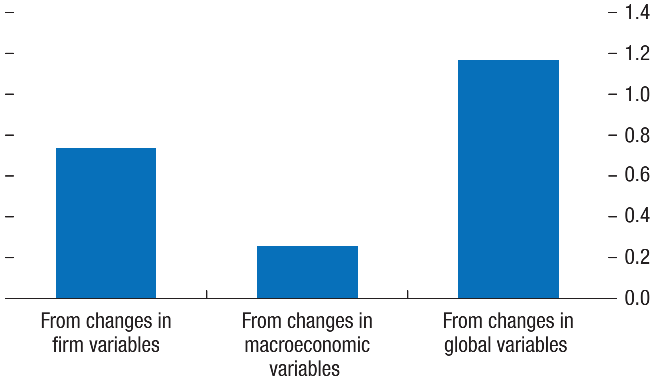
Figure 3.16. Factors Influencing Bond Maturity

1. Bond Maturity at Issuance

Variable	Expected Sign	Estimates	
Issuance in Local Currency	–	–	**
Investment Grade	+	+	**
Firm Size	+	+	***
Profitability	+	–	
Leverage	–	–	**
Inverse Shadow Rate[1]	+	+	**
VIX	–	–	***
Currency Depreciation	–	–	**
Size of Government Debt	+	+	**

2. Changes in Maturity at Issuance, 2009–13
(Years)



Sources: Bloomberg L.P.; and IMF staff calculations.
Note: The baseline specification estimates bond maturity at issuance as a function of bond, firm, macro, and global factors, with country and sector fixed effects and a time trend. Firm factors include a measure of size (total assets), profitability (return on assets), and leverage (debt-to-assets), all at the year prior to issuance. Bond factors include dummies for bond currency denomination; investment grade; and put, call, and sink options. Global factors are the VIX and the inverse shadow rate (three-month average prior to issuance) interacted with a postcrisis dummy. Macro factors include the government debt and exchange rate depreciation relative to the U.S. dollar. Standard errors are clustered at the country level. Nationality is based on country of risk; Chinese firms are excluded. VIX = Chicago Board Options Exchange Volatility Index. See Annex 3.2. ** and *** denote statistical significance at the 5 and 1 percent levels, respectively.
[1]Refers to the coefficient in the postcrisis period.