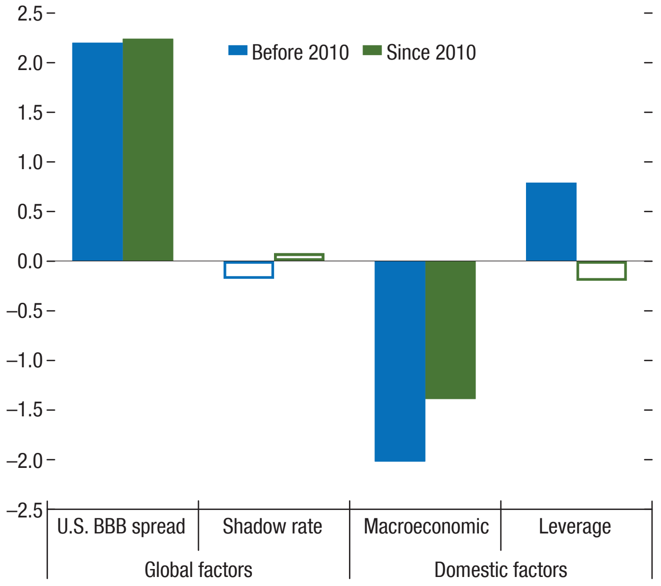
Figure 3.18. Emerging Market Economies: Effects of Domestic and Global Factors on Corporate Spreads
(Percentage points)



Source: IMF staff calculations.
Note: The figure is based on country-level panel regressions (see Annex 3.3 for details). The dependent variable is the CEMBI spreads for 20 emerging markets over December 2001–December 2014. Explanatory variables include global factors (U.S. BBB spread and the U.S. shadow rate) as well as domestic factors (macroeconomic conditions [based on the International Country Risk Guide index] and leverage [median across firms]). The bars show the effects of a one standard deviation increase in each variable on the CEMBI spread before 2010 and in the postcrisis period (2010–14). These effects are calculated by multiplying the estimated coefficient of regression by the standard deviation of the corresponding independent variable over all country-month observations. Nonshaded bars are statistically insignificant at the 5 percent level. CEMBI = Corporate Emerging Markets Bond Index.