

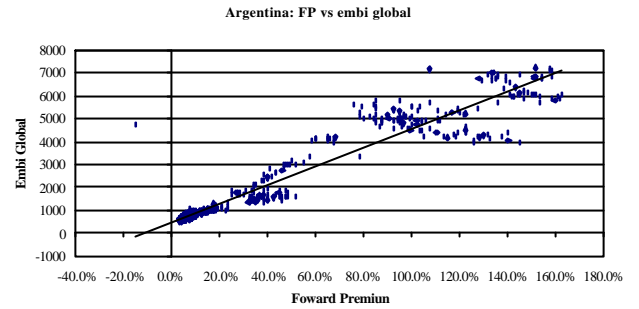
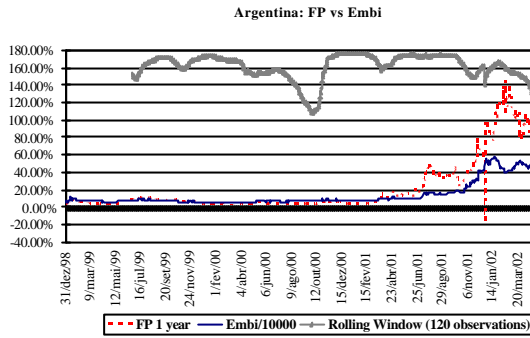
Appendix 1

Sample Description					
		Monetary Regime	Period and number of observations on CID-FP analysis	Period and number of observations on embi+ - FP analysis	
Emerging economies with embi+	1	Argentina	Currency board (until 2001) then Free float	06/07/01 - 5/08/02 132 observations	04/01/99 - 5/08/02 905 observations
	2	Brazil	Inflation target	7/6/99 - 7/5/02 651 observations	7/6/99 - 7/5/02 654 observations
	3	Colombia	Inflation target	08/26/99 - 1/2/04 221 obs (weekly)	08/26/99 - 1/5/04 989 observations
	4	Chile	Inflation target	22/06/99 - 16/12/99 107 observations	21/07/00 - 01/06/04 862 observations
	5	Mexico	Monetary aggregate target	11/05/97 - 01/02/04 1447 observations	12/31/97 - 01/06/04 1447 observations
	6	Peru	Monetary aggregate target	07/21/00 - 01/02/04 824 observations	07/21/00 - 01/06/04 853 observations
	7	Philippines	Monetary aggregate target	03/29/99 - 12/30/03 951 observations	05/28/99 - 01/06/04 936 observations
	8	Poland	Inflation target	10/18/00 - 10/09/02 431 observations	08/20/98 - 10/08/02 953 observations
	9	Russia	Fund Supported	- -	09/12/99 - 01/03/04 941 observations
	10	South Africa	Inflation target	2/14/95 - 01/02/04 2124 observations	04/30/02 - 01/02/04 417 observations
	11	South Korea	Inflation target	4/14/99 - 01/02/04 829 observations	5/10/99 - 06/11/02 477 observations
	12	Turkey	Monetary aggregate target	11/28/98 - 10/11/02 617 observations	07/30/99 - 01/06/04 780 observations
	13	Venezuela	Crawling peg	- -	21/12/98 - 5/08/02 905 observations
Emerging economies without embi+	14	Indonesia	IMF support	09/23/96 - 3/6/01 1029 observations	- -
	15	Czech Republic	Inflation target	05/14/97 - 01/02/04 1322 observations	- -
	16	Singapore	Other	01/4/95 - 01/02/04 2151 observations	- -
	17	Thailand	Inflation target	5/23/98 - 5/17/01 1121 observations	- -
Developed economies	18	Australia	Inflation target	01/06/95 - 01/02/04 2186 observations	- -
	19	Canada	Inflation target	01/05/95 - 01/02/04 2191 observations	- -
	20	England	Inflation target	01/24/97 - 02/01/04 1723 observations	- -
	21	Japan	Other	05/15/95 - 01/02/04 2150 observations	- -
	22	Norway	Inflation target	15/12/95 - 01/02/04 1943 observations	- -
	23	New Zealand	Inflation target	01/15/95 - 01/02/04 2186 observations	- -
	24	Sweden	Inflation target	12/15/95 - 01/02/04 1956 observations	- -
	25	Switzerland	Other	04/11/96 - 01/02/04 1888 observations	- -

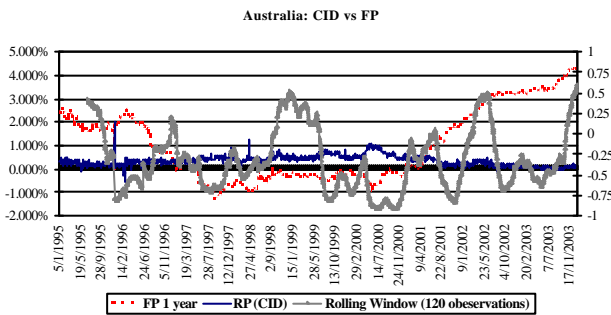
Appendix 2 Graphics: Risks Evolution

All rolling windows have 120 observations.

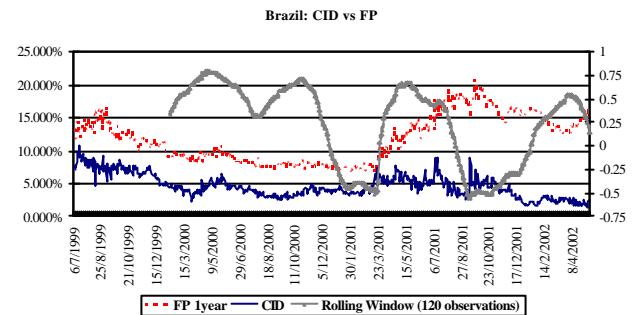
Argentina



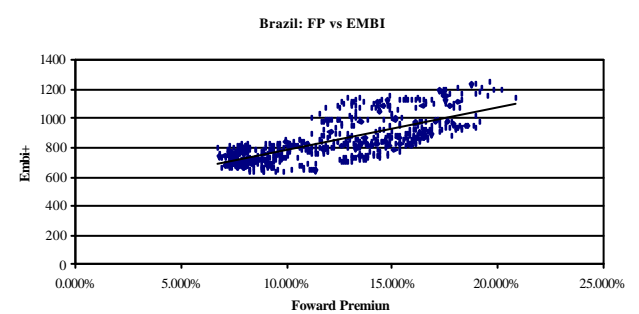
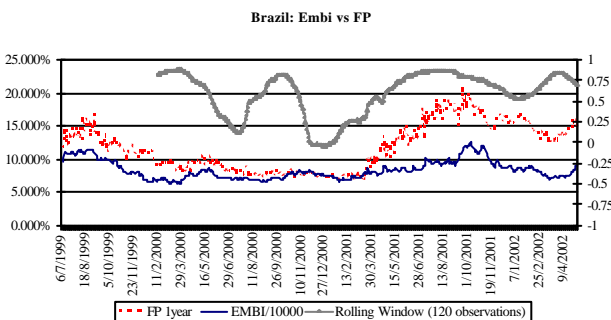
Australia



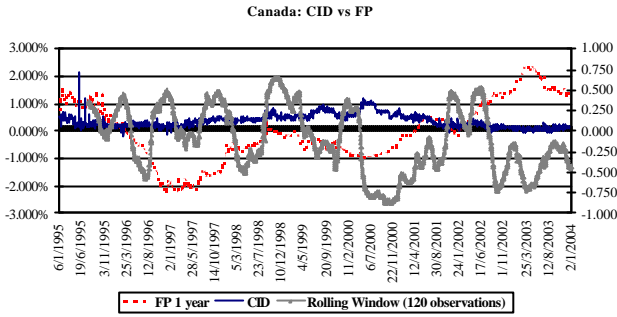
Brazil



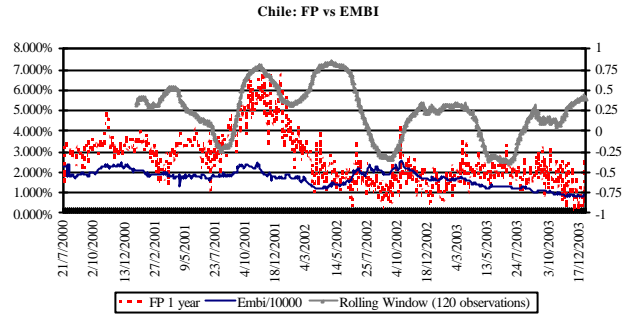
Brazil



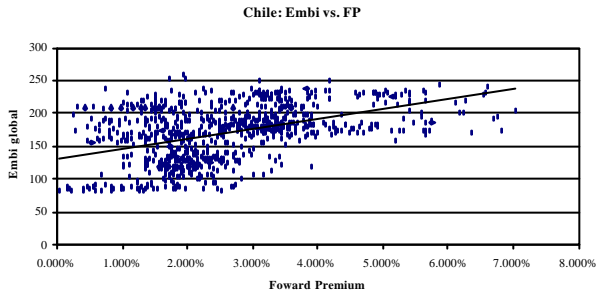
Canada



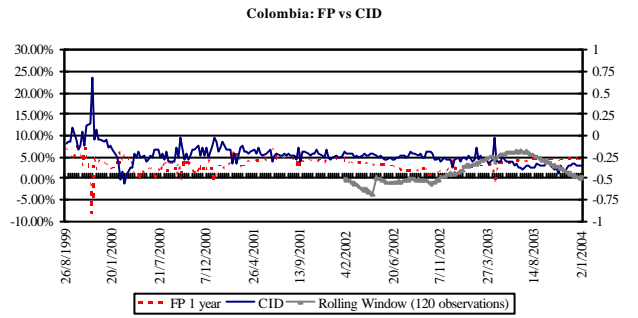
Chile



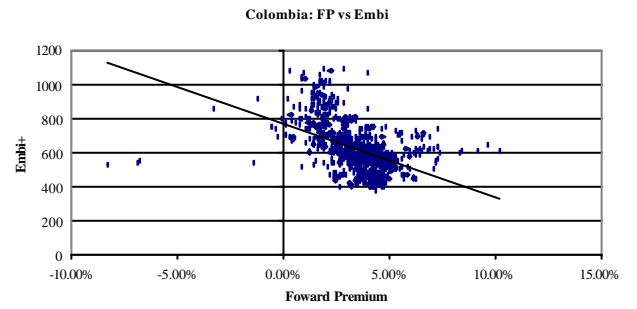
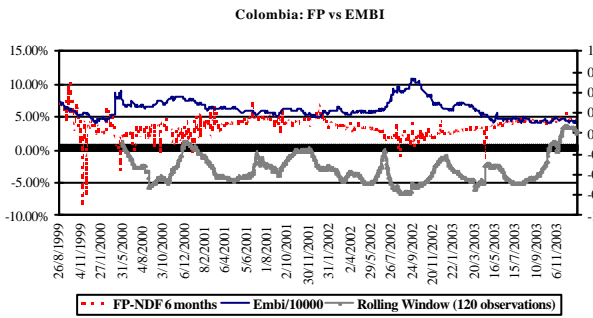
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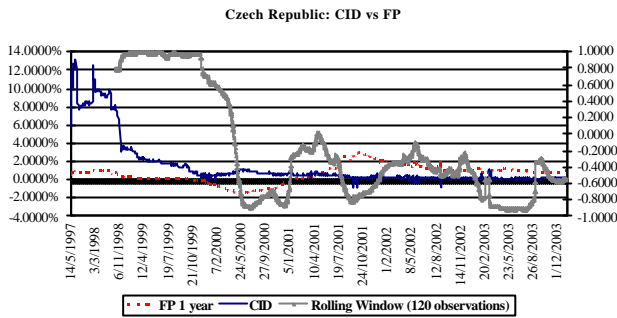
Colombia



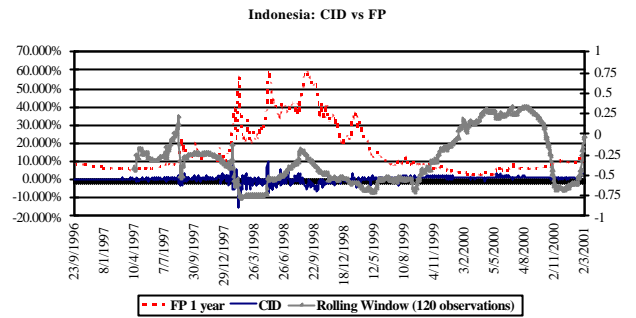
Colombia



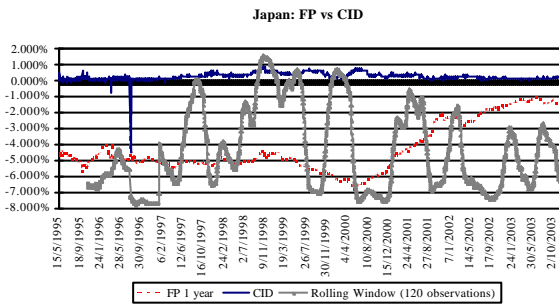
Czech Republic



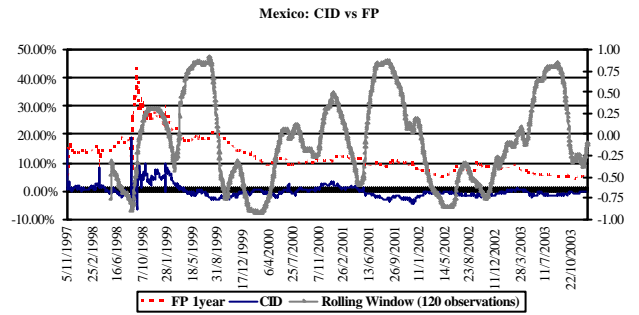
Indonesia



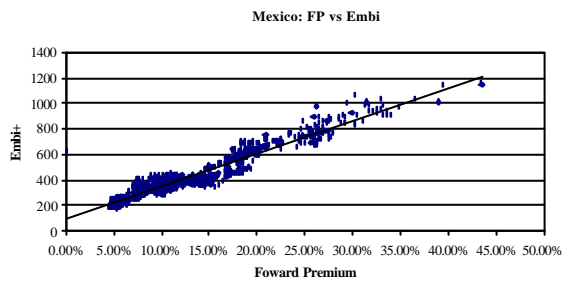
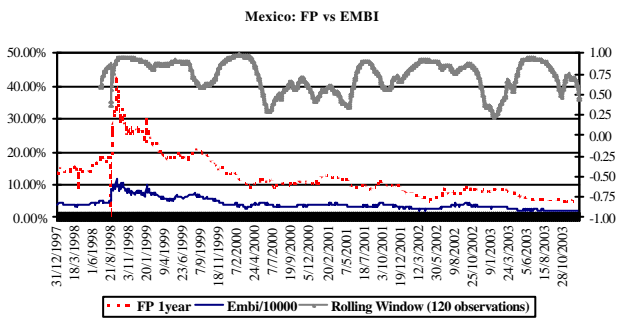
Japan



Mexico

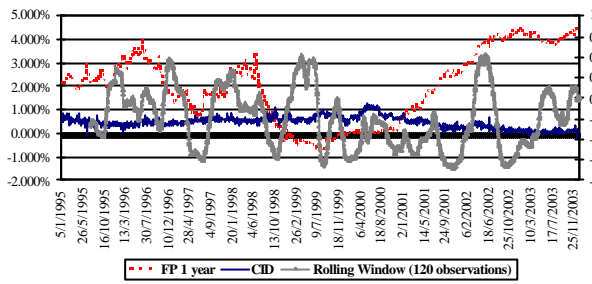


Mexico



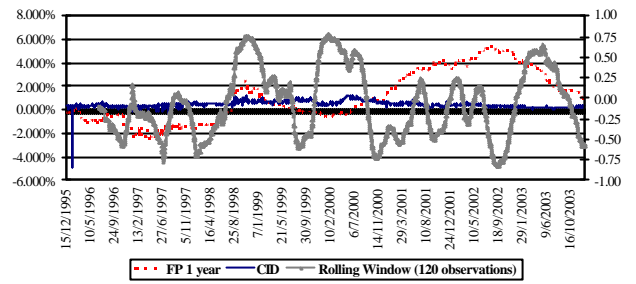
New Zealand

New Zealand: CID vs FP



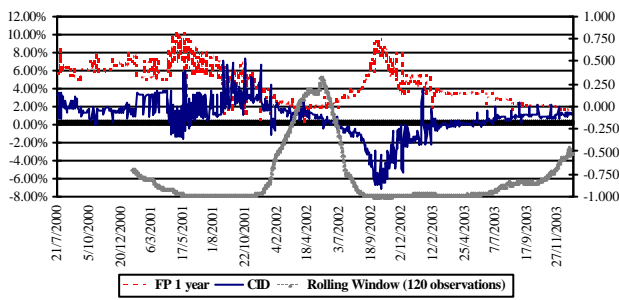
Norway

Norway: CID vs FP

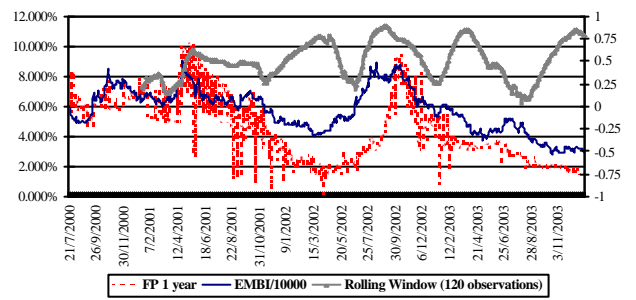


Peru

Peru: CID vs FP

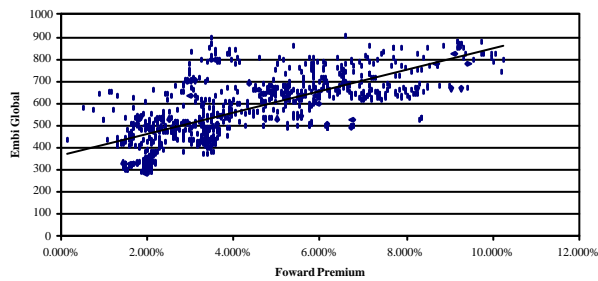


Peru: FP vs EMBI



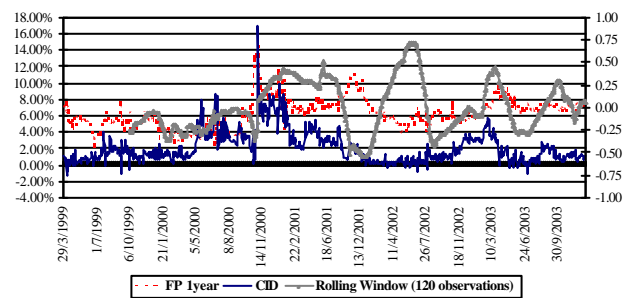
Peru

Peru: FP vs Embi

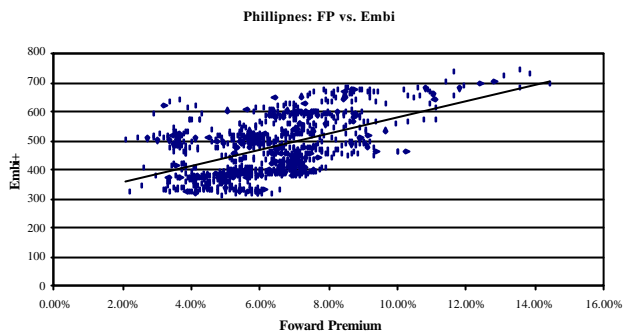
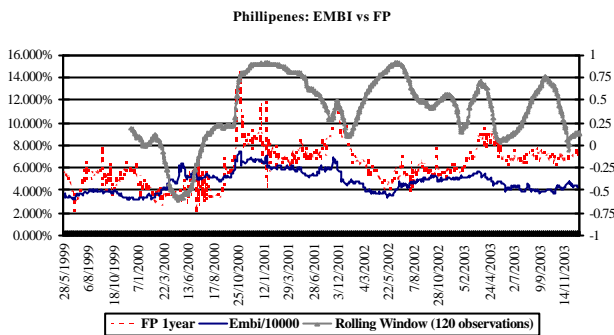


Phillipines

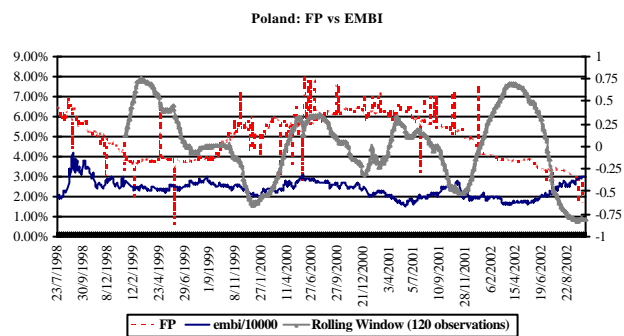
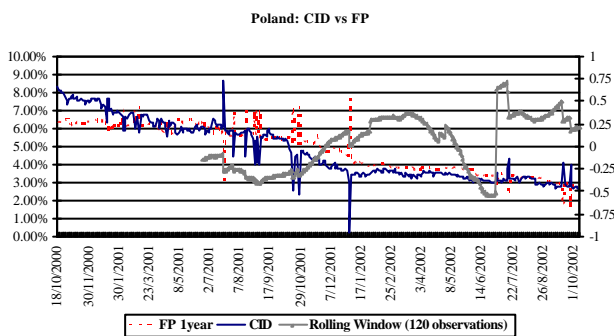
Phillipines: CID vs FP



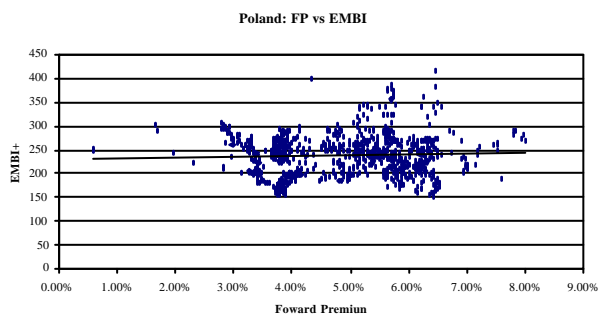
Philippines



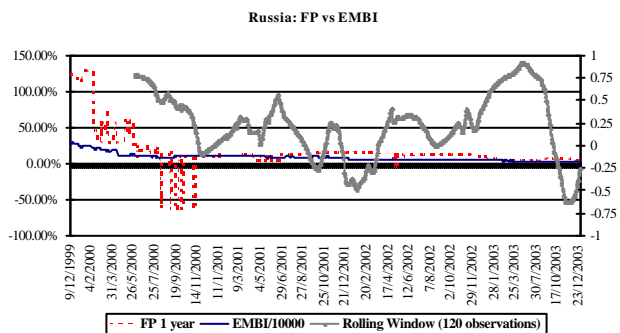
Poland



Poland

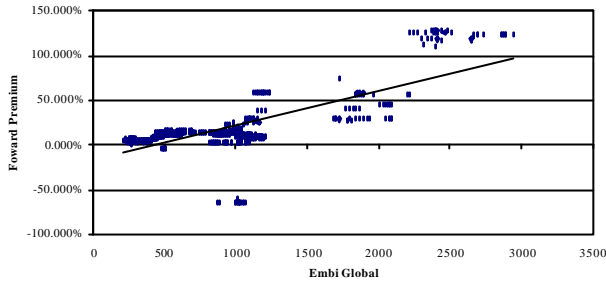


Russia



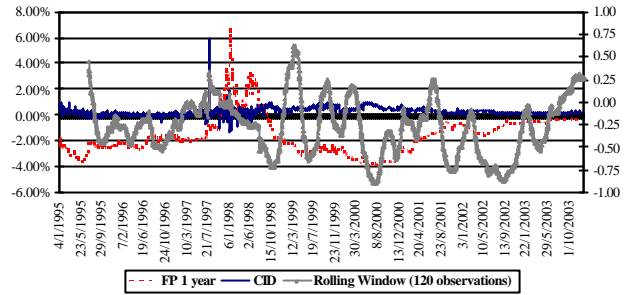
Russia

Russia: FP vs EMBI



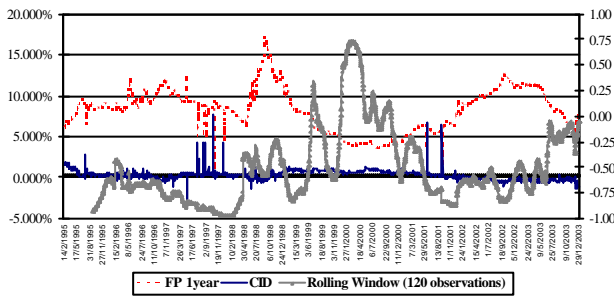
Singapore

Singapore: CID vs FP

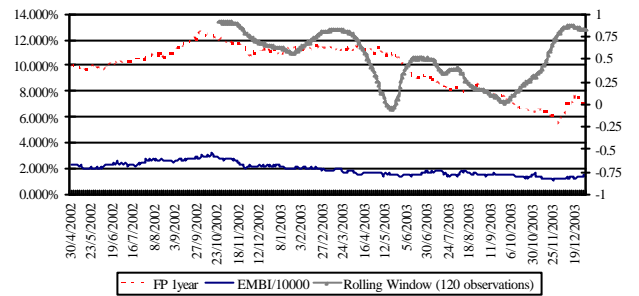


South Africa

South Africa: CID vs FP

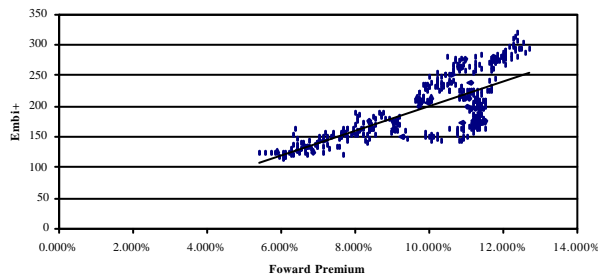


South Africa: EMBI vs FP



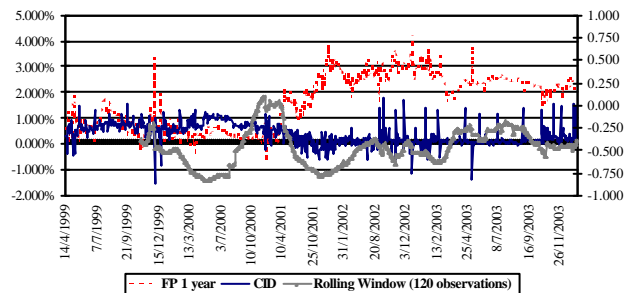
South Africa

South Africa: Embi+ vs. FP

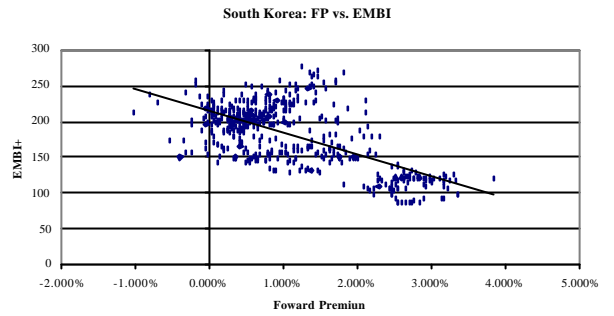
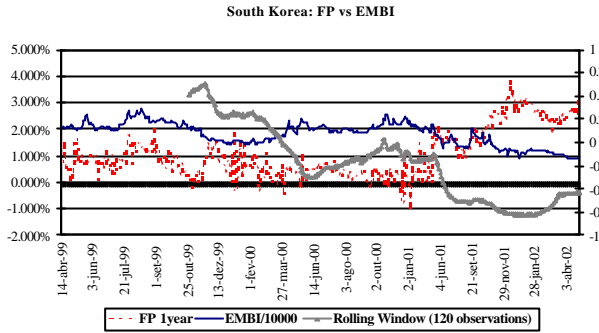


South Korea

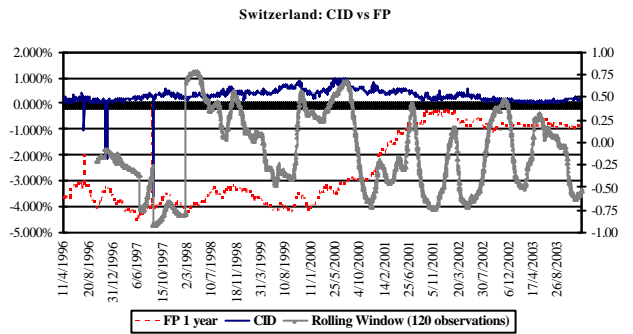
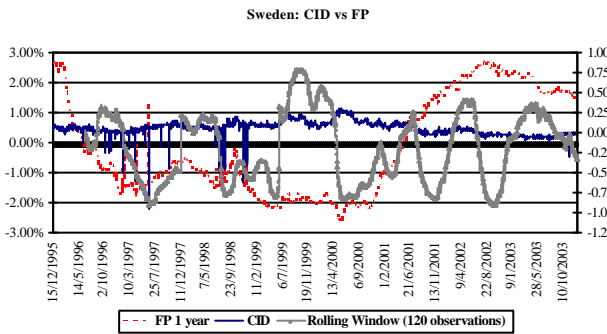
South Korea: CID vs FP



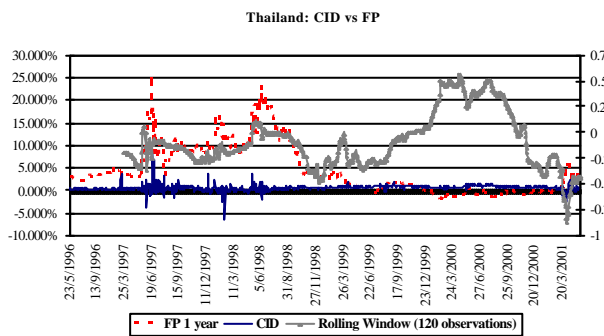
South Korea



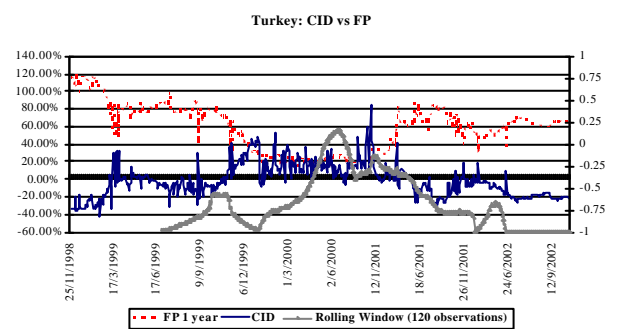
Sweden



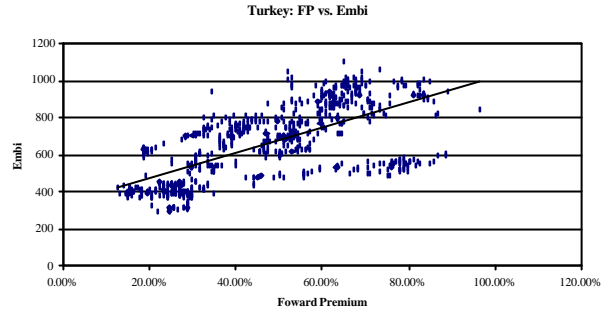
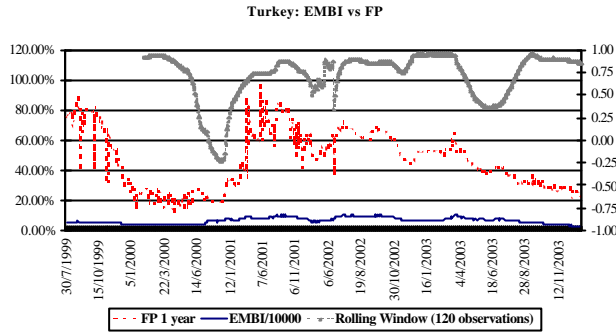
Thailand



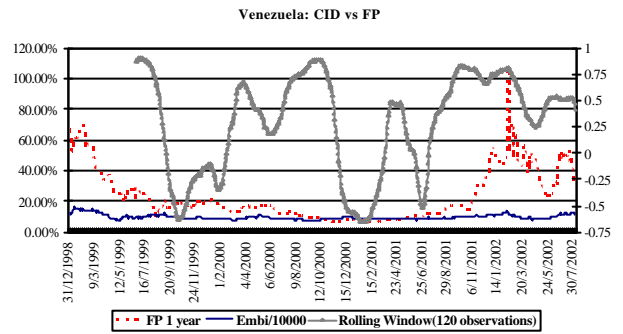
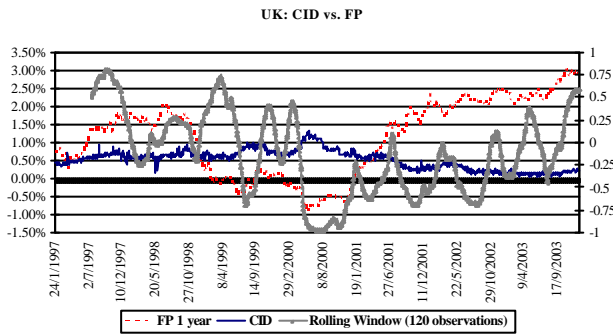
Turkey



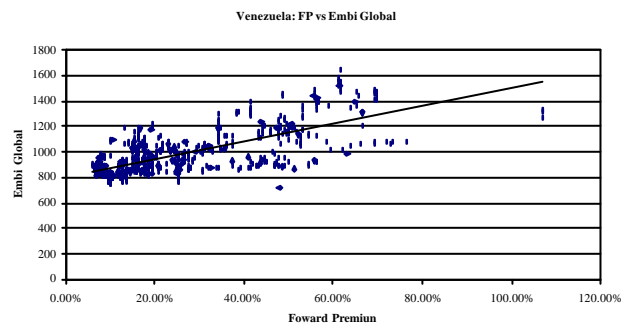
Turkey



UK



Venezuela



Appendix 3

Phillips-Perron Unit Root Test

	FP	CID	FP	embi+ spread
	PP statistic	PP statistic	PP statistic	PP statistic
Argentina	-5.322689	-5.296581	-0.488515*	2.256169*
Australia	0.349079*	-8.702840	-	-
Brazil	-1.692139*	-4.671972	-1.573375*	-2.008723*
Canada	-0.968695*	-7.762630	-	-
Chile	-9.197054	-3.101072**	-6.918013	-1.649767*
Colombia	-9.652269	-2.027870*	-12.09393	-2.012408*
Czech Republic	-1.238955*	-2.075183*	-	-
Indonesia	-19.25604**	-19.25604	-	-
Japan	-0.551395*	-20.60024	-	-
Mexico	-2.564959*	-10.99288	-1.879794*	-1.865536*
New Zealand	-0.527958*	-5.385835	-	-
Norway	-0.944997*	-19.47389	-	-
Peru	-6.898500	-8.320041	-6.783553	-1.058731*
Phillipines	-5.655153	-6.473506	-5.485491	-2.185381*
Poland	-2.222561*	-2.304874*	-5.384074	-2.976372**
Russia	-	-	-5.136926	-4.846194
Singapore	-2.150918*	-26.32879	-	-
South Korea	-2.859396*	-16.92080	-3.444428**	-1.478606*
Sweden	-1.663114*	-23.02773	-	-
Switzerland	-0.936731*	-16.80883	-	-
South Africa	-2.571280*	-21.90095	0.081533*	-1.014004*
Thailand	-2.293107**	-31.39531	-	-
Turkey	-2.822336*	-6.429560	-3.083343**	-1.551003*
UK	-0.207106*	-2.340449*	-	-
Venezuela	-	-	-3.003755*	-2.793026*

Note: * and ** indicate that we can not reject the null hypothesis of unit root on a 5% and a 1% significance level respectively

Appendix 4

Johanssen Cointegration Test										
	CID vs. FP					Embi's spread vs. FP				
	Cointegration Test		Cointegration Vector			Cointegration Test		Cointegration Vector		
	Likelihood Ratio	Number of cointegration relation in Ho	CID	FP	cte	Likelihood Ratio	Number of cointegration relation in Ho	Embi+	FP	cte
Argentina	-	-	-	-	-	89.21186	None	1	-42.73716	-389.0548
	-	-	-	-	-	10.81789**	At most 1		(1,20)	(62,56)
Brazil	-	-	-	-	-	26.08549	None	1	-46.3861	-280.1373
	-	-	-	-	-	2.503411**	At most 1		(6,47)	(79,71)
Venezuela	-	-	-	-	-	34.88199	None	1	-11.77296	-704.3329
	-	-	-	-	-	7.551921**	At most 1		(1,54)	(44,25)
Mexico	-	-	-	-	-	127.8776	None	1	-27.34319	-78.61282
	-	-	-	-	-	3.109042**	At most 1		(0,68)	(9,34)
Czech Republic	8,391616	None	-	-	-	-	-	-	-	-
	3,314803	At most 1	-	-	-	-	-	-	-	-
Poland	172.504	None	1	-1.27578	1.428107	-	-	-	-	-
	16.01248	At most 1		(0,05)	(0,27)	-	-	-	-	-
UK	49.17432	None	1	0.198802	-0.750311	-	-	-	-	-
	1.439802**	At most 1		(0,02)	(0,03)	-	-	-	-	-
South Africa	-	-	-	-	-	11.91**	None	-	-	-
	-	-	-	-	-	1.190839**	At most 1	-	-	-
South Korea	-	-	-	-	-	53.16142	None	1	64.10281	-249.8524
	-	-	-	-	-	2.93486**	At most 1		(6,80)	(9,63)
Turkey	-	-	-	-	-	43.93538	None	1	-14.53684	20.047
	-	-	-	-	-	2.663501**	At most 1		(1,69)	(85,39)

Notes: (a) * and ** indicate the acceptance of null hypothesis of cointegration on a 5% and a 1% significance level, respectively. (b) This table only presents the countries to which the cointegration test was possible to be implemented i.e., countries that had unit root on one of the couple series analyzed: CID and Foward Premium and/or Embi Spread and Foward Premium.

Appendix 5

Data Sources

Definition and Data Sources (except debt)

Variable	Source:
Exports of goods and services (% of GDP)	WDI - World Bank
Imports of goods and services (% of GDP)	WDI - World Bank
Current account balance (% of GDP)	WDI - World Bank
Simple Mean tarif	WDI - World Bank
Balance of Payments: Overall Balance	IFS - FMI
Gross international reserves (includes gold, current US\$)	WDI - World Bank
External debt, total (DOD, current US\$)	WDI - World Bank
Gross domestic savings (% of GDP)	WDI - World Bank
Government External Debt (% PIB)	Different each country (see next)
Government Internal Debt (% PIB)	Different each country (see next)
Overall budget balance, including grants (% of GDP)	WDI - Bco Mundial
Domestic credit to private sector (% of GDP)	WDI - Bco Mundial
Market capitalization of listed companies (% of GDP)	WDI - Bco Mundial

Debt Data Sources

	Internal Debt	External Debt
Argentina	Ministerio de Economía y Producción	Ministerio de Economía y Producción
Australia	OECD	RBA - Reserve Bank of Australia
Brazil	BCB - Banco Central do Brasil	BCB - Banco Central do Brasil
Canada	OECD	SDSS IMF
Chile	Ministerio da fazenda do chile (Deuda del Gobierno Central)	Ministerio da fazenda do chile (Deuda del Gobierno Central)
Colombia	Banco de la República - Colombia	Banco de la República - Colombia
Czech Rep.	IFS - IMF	IFS - IMF
Indonesia	World Bank	World Bank
Japan	OECD	Ministry of Finance - Japan
Mexico	Secretaria de Hacienda - Mexico	Secretaria de Hacienda - Mexico
New Zealand	OECD	Reserve Bank of New Zealand
Norway	SDSS IMF	SDSS IMF
Peru	Banco Central de Reserva del Perú	Ministerio de Economía y Finanzas
Philippines	Department of Economic Research - Bangko Sentral ng Pilipinas	Department of Economic Research - Bangko Sentral ng Pilipinas
Poland	IFS - IMF	IFS - IMF
Russia	Ministry of Finance	Ministry of Finance
Singapore	Singapore Department of Statistics	Singapore Department of Statistics
South Africa	IFS - IMF	IFS - IMF
South Korea	Ministry of Finance - Korea	Bank of Korea
Sweden	Statistiska centralbyrån	Statistiska centralbyrån
Switzerland	-	-
Thailand	IFS - IMF	IFS - IMF
Turkey	Central Bank of the Republic of Turkey	Central Bank of the Republic of Turkey
UK	OECD	-
Venezuela	The Ministry of Finance	The Ministry of Finance

Appendix 6

Macroeconomic Statistics - External Sector

	mean 1995-2000	Exports (% GDP)	Imports (% PIB)	Exports + Imports (% GDP)	Current Account Balance (% GDP)	Mean Import Tariff 1999 - 2000	International Reserves (% GDP)
Argentina		10,43%	11,44%	21,87%	-3,22%	12,20%	7,61%
Australia		19,63%	20,79%	40,42%	-4,04%	5,80%	4,53%
Brazil		9,21%	11,04%	20,25%	-3,89%	14,40%	6,63%
Canada		40,48%	37,83%	78,31%	0,38%	3,90%	3,95%
Chile		29,35%	29,80%	59,15%	-2,96%	11,00%	21,98%
Colombia		16,64%	20,36%	37,00%	-3,13%	11,70%	10,02%
Czech Republic		60,69%	62,89%	123,58%	-4,43%	6,50%	23,87%
Indonesia		35,99%	31,03%	67,01%	1,36%	8,40%	15,27%
Japan		10,04%	8,76%	18,80%	2,23%	4,50%	6,12%
Mexico		30,45%	30,92%	61,37%	-2,27%	16,20%	6,66%
New Zealand		30,12%	29,58%	59,70%	-5,33%	3,30%	7,47%
Norway		40,36%	32,82%	73,19%	6,68%	2,90%	13,81%
Peru		14,25%	17,96%	32,21%	-4,88%	13,00%	17,53%
Phillippines		48,72%	52,55%	101,28%	2,52%	7,60%	16,21%
Poland		25,25%	29,43%	54,69%	-3,68%	10,00%	15,25%
Russia		33,22%	24,08%	57,30%	6,84%	7,80%	6,29%
Singapore		169,49%	152,80%	322,29%	20,84%	0,00%	85,16%
South Africa		25,69%	23,88%	49,57%	-1,00%	8,50%	4,45%
South Korea		39,17%	36,44%	75,61%	2,23%	8,60%	13,92%
Sweden		42,84%	36,45%	79,30%	2,56%	2,40%	7,41%
Switzerland		38,59%	34,28%	72,87%	9,88%	0,00%	23,09%
Thailand		54,49%	50,17%	104,66%	2,54%	16,60%	24,46%
Turkey		24,48%	28,58%	53,07%	-0,93%	8,10%	11,05%
UK		27,60%	28,50%	56,09%	-1,28%	2,40%	3,30%
Venezuela		26,38%	19,46%	45,84%	4,73%	15,70%	15,02%
Countries presenting Cousin Risks	mean	24,64%	24,50%	49,15%	-0,14%	11,88%	10,88%
	median	25,43%	21,77%	49,45%	-1,60%	12,60%	9,33%
Countries without Cousin Risks*	mean	33,56%	32,06%	65,62%	0,13%	6,66%	12,43%
	median	33,05%	30,41%	63,36%	-0,31%	6,15%	11,91%
Emerging Countries without Cousin Risks*	mean	35,91%	35,50%	71,41%	-1,13%	10,16%	16,15%
	median	32,67%	30,41%	63,08%	-1,98%	9,30%	15,26%
Emerging Countries*	mean	30,28%	30,00%	60,28%	-0,64%	11,02%	13,51%
	median	27,87%	29,01%	55,99%	-1,63%	10,50%	14,47%
Developed Countries	mean	31,21%	28,63%	59,83%	1,39%	3,15%	8,71%
	median	34,36%	31,20%	66,29%	1,31%	3,10%	6,76%

* without Singapore

Macroeconomic Statistics - Government Solvency

mean 1995-2000	Total Public Debt (Internal + External %GDP)	Overall Budget Balance (% GDP)	Total External Debt (Government + Private % GDP)	External Government Debt (% GDP)	Internal Government Debt (% PIB)	
Argentina	43,09%	-2,49%	46,37%	39,65%	3,44%	
Australia	22,59%	0,74%	-	5,82%	16,78%	
Brazil	50,93%	-6,85%	33,20%	20,65%	40,60%	
Canada	60,19%	-0,17%	-	2,28%	57,91%	
Chile	14,61%	-0,27%	41,78%	4,10%	10,52%	
Colombia	26,22%	-4,87%	35,24%	13,34%	12,88%	
Czech Republic	12,02%	-1,33%	39,24%	1,52%	10,49%	
Indonesia	79,41%	-1,00%	90,33%	44,19%	35,22%	
Japan	36,23%	-5,71%	-	-0,69%	36,91%	
Mexico	28,40%	-0,95%	38,13%	20,35%	8,05%	
New Zealand	34,67%	1,92%	-	7,92%	26,75%	
Norway	-48,66%	0,35%	-	0,29%	-48,95%	
Peru	49,71%	-0,70%	52,60%	39,11%	10,60%	
Phillipines	132,80%	-1,82%	62,70%	70,14%	62,66%	
Poland	41,04%	-1,50%	35,44%	21,49%	19,55%	
Russia	43,10%	0,41%	46,77%	36,78%	6,32%	
Singapore	70,92%	9,59%	-	0,00%	70,92%	
South Africa	47,75%	-3,20%	18,46%	2,67%	45,09%	
South Korea	-21,40%	0,34%	28,53%	3,05%	-24,45%	
Sweden	44,10%	-3,25%	-	28,69%	15,42%	
Switzerland	-	-0,50%	-	-	-	
Thailand	13,99%	-2,97%	69,64%	5,89%	8,09%	
Turkey	68,85%	-9,70%	53,29%	45,24%	23,61%	
UK	-	-0,84%	-	-	36,31%	
Venezuela	31,38%	-2,84%	37,04%	24,27%	7,11%	
Countries presenting Cousin Risks	mean median	56,03% 46,40%	-3,12% -2,16%	46,26% 46,57%	37,02% 37,94%	20,30% 9,33%
Countries without Cousin Risks*	mean median	25,91% 30,45%	-1,39% -0,92%	44,83% 37,34%	10,04% 4,96%	17,24% 16,78%
Emerging Countries without Cousin Risks*	mean median	26,71% 20,42%	-1,85% -1,41%	44,83% 37,34%	12,03% 5,00%	14,67% 11,70%
Emerging Countries*	mean median	41,37% 42,06%	-2,48% -1,66%	45,55% 40,51%	24,53% 21,07%	17,49% 10,56%
Developed Countries	mean median	24,85% 35,45%	-0,93% -0,34%	- -	7,38% 4,05%	20,16% 26,75%

* without Singapore

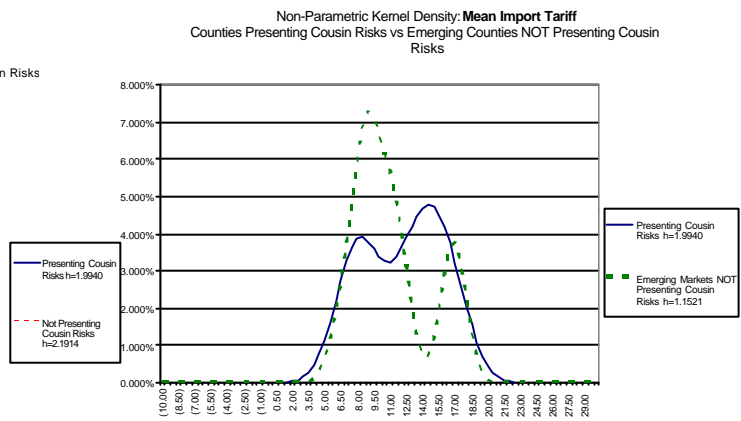
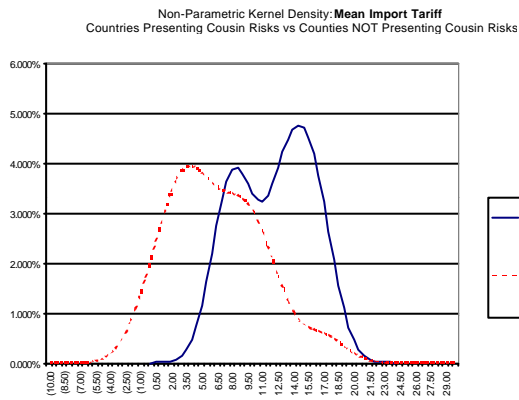
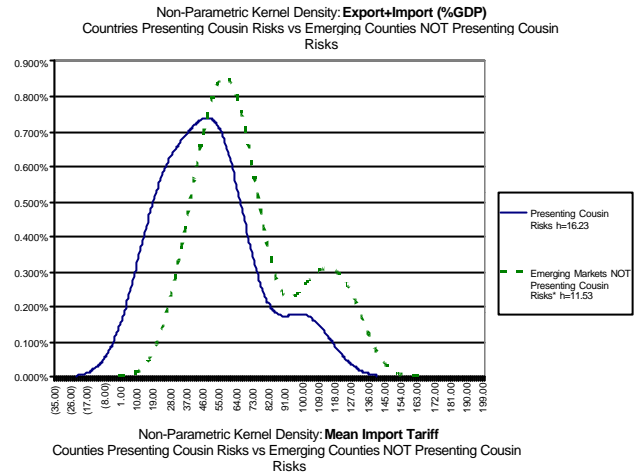
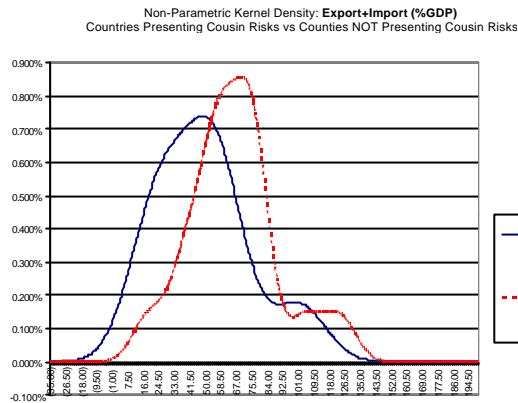
Macroeconomic Statistics - Financial Deepening and Currency Mismatch

mean 1995-2000		Govt. External Debt - International Reserves (% GDP)	Gross Domestic Savings (% GDP)	Domestic credit to private sector (% GDP)	Market capitalization (% GDP)
Argentina		32,04%	16,66%	18,82%	32,30%
Australia		1,28%	22,19%	80,12%	85,82%
Brazil		14,02%	19,42%	33,50%	31,32%
Canada		-1,68%	22,49%	82,24%	95,03%
Chile		-1,33%	24,10%	56,15%	90,70%
Colombia		3,32%	15,14%	33,00%	15,68%
Czech Republic		-22,34%	27,44%	54,89%	23,74%
Indonesia		28,92%	26,98%	40,65%	26,98%
Japan		-6,80%	29,06%	194,75%	72,60%
Mexico		13,69%	22,49%	18,33%	28,39%
New Zealand		0,45%	21,61%	109,97%	47,53%
Norway		-13,52%	31,94%	78,67%	37,85%
Peru		21,58%	18,46%	24,19%	22,59%
Phillipines		53,93%	16,91%	48,92%	61,59%
Poland		6,24%	20,45%	19,17%	12,08%
Russia		30,49%	29,47%	16,26%	18,24%
Singapore		-85,16%	51,10%	114,16%	161,81%
South Africa		-1,78%	17,63%	118,36%	153,55%
South Korea		-10,87%	33,03%	86,19%	43,05%
Sweden		21,27%	22,94%	93,54%	115,53%
Switzerland		-	24,94%	166,77%	224,71%
Thailand		-18,57%	33,39%	135,15%	41,29%
Turkey		34,19%	19,12%	22,50%	29,51%
UK		-	16,43%	125,29%	161,53%
Venezuela		9,25%	25,73%	12,16%	8,89%
Countries presenting Cousin Risks	mean	26,15%	21,03%	24,33%	29,10%
	median	26,04%	19,27%	20,66%	28,95%
Countries without Cousin Risks	mean	-1,10%	24,36%	92,18%	77,98%
	median	-1,50%	23,52%	84,22%	60,06%
Emerging Countries without Cousin Risks	mean	-2,05%	24,77%	67,95%	50,88%
	median	-1,56%	25,54%	55,52%	34,13%
Emerging Countries	mean	12,05%	22,90%	46,14%	39,99%
	median	11,47%	21,47%	33,25%	28,95%
Developed Countries	mean	0,17%	23,95%	116,42%	105,07%
	median	-0,61%	22,72%	101,76%	90,42%

* without Singapore

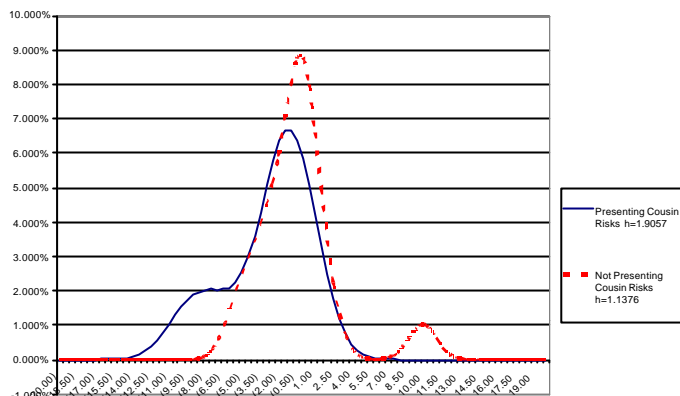
Appendix 7

Balance of Payment Variables

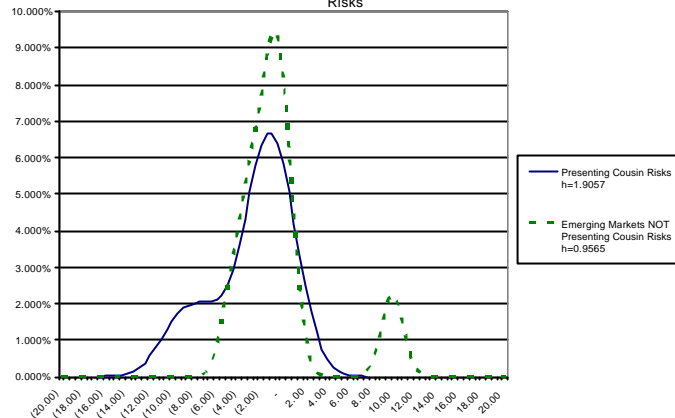


Solvency Variables

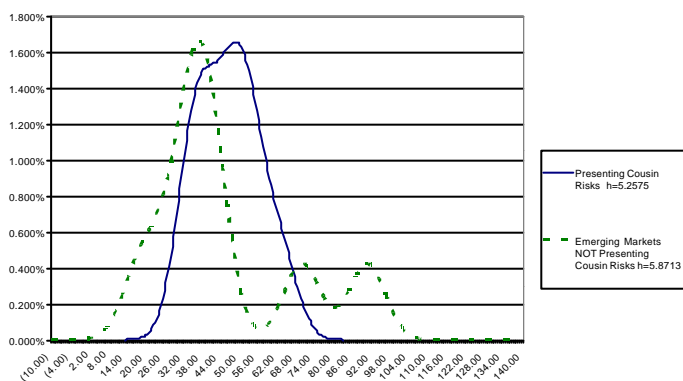
Non-Parametric Kernel Density: Overall Budget Balance (%GDP)
Countries Presenting Cousin Risks vs Countries NOT Presenting Cousin Risks



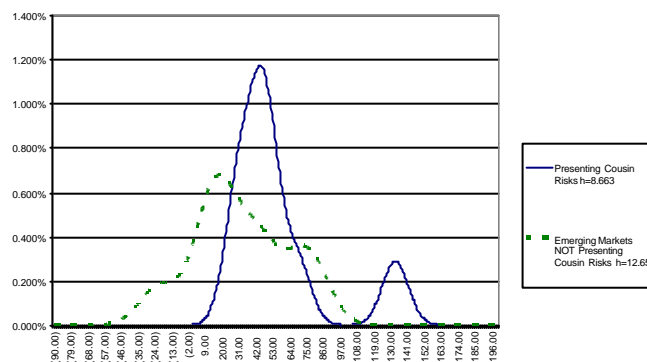
Non-Parametric Kernel Density: Overall Budget Balance (%GDP)
Countries Presenting Cousin Risks vs Emerging Countries NOT Presenting Cousin Risks



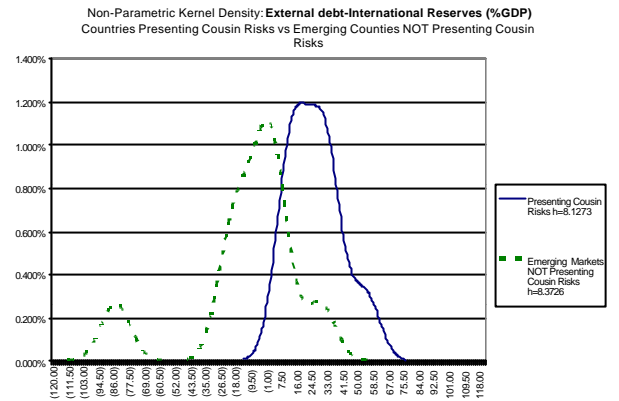
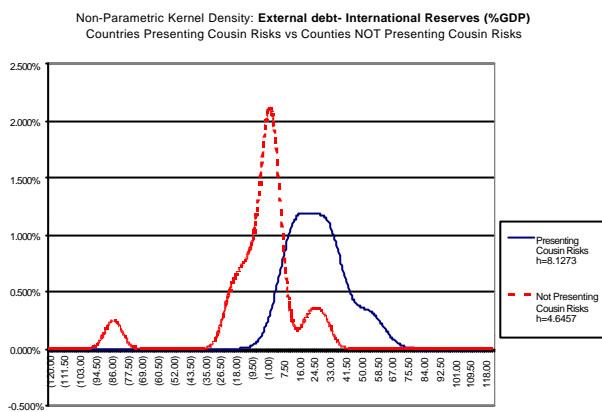
Non-Parametric Kernel Density: Total External Debt (%GDP)
Countries Presenting Cousin Risks vs Emerging Countries NOT Presenting Cousin Risks



Non-Parametric Kernel Density: Total Government Debt (%GDP)
Countries Presenting Cousin Risks vs Emerging Countries NOT Presenting Cousin Risks



Currency Mismatch and Financial Deepening



Appendix 8

Models Estimated by Logit

Logit Univariate Models

Dependent Variable: Cousin Risks (1=Presenting, 0=Not presenting)

number of observations: 25

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
constant	-2.160793	2.348164	3.552126	-2.111728	-1.266669	0.965385	-0.725782	-3.580993
<i>p-value</i>	0.0046	0.2662	0.0044	0.0357	0.0356	0.4412	0.106	0.008
External Debt-Reserves (%GDP)	0.135654	-	-	-	-	-	-	-
<i>p-value</i>	0.0017	-	-	-	-	-	-	-
Savings (% GDP)	-	-0.134729	-	-	-	-	-	-
<i>p-value</i>	-	0.1503	-	-	-	-	-	-
Domestic Credit to Private Sector (% GDP)	-	-	-0.097562	-	-	-	-	-
<i>p-value</i>	-	-	0.0042	-	-	-	-	-
Total Debt (% PIB)	-	-	-	0.033109	-	-	-	-
<i>p-value</i>	-	-	-	0.0957	-	-	-	-
Overall Budget Balance (% PIB)	-	-	-	-	-0.264436	-	-	-
<i>p-value</i>	-	-	-	-	0.1344	-	-	-
Exports+Imports (% GDP)	-	-	-	-	-	-0.029134	-	-
<i>p-value</i>	-	-	-	-	-	0.1743	-	-
Current Account Balance (% GDP)	-	-	-	-	-	-	-0.051487	-
<i>p-value</i>	-	-	-	-	-	-	0.5657	-
Mean Tariff Import	-	-	-	-	-	-	-	0.309957
<i>p-value</i>	-	-	-	-	-	-	-	0.0151
Akaike criteria	0.775315	1.294333	0.692440	1.265239	1.292358	1.286851	1.397905	1.086001
Schwartz criteria	0.872825	1.391843	0.78995	1.363411	1.389868	1.384361	1.495415	1.183511
McFadden's R2	0.509216	0.09524	0.575318	0.13704	0.096815	0.101208	0.012629	0.261409

Logit Multivariate Models

Dependent Variable: Cousin Risks (1=Presenting, 0=Not presenting)

number of observations: 25

	Model 9	Model 10	Model 11	Model 12	Model 13	Model 14	Model 15
constant	-0.29891	3.11242	3.035505	1.569321	-72.70211	-2.702484	2.968288
<i>p-value</i>	0.9165	0.0551	0.0403	0.5816	0.2901	0.0076	0.029
External Debt-Reserves (%GDP)	0.140624	0.195701	0.177600	-	1.345747	0.135626	-
<i>p-value</i>	0.0028	0.0619	0.0048	-	0.3155	0.002	-
Savings (% GDP)	-0.088809	-	-	-	-	-	-
<i>p-value</i>	0.514	-	-	-	-	-	-
Domestic Credit to Private Sector (% GDP)	-	-0.182631	-0.198081	-0.084538	-	-	-0.093249
<i>p-value</i>	-	0.0621	0.0051	0.0236	-	-	0.0074
Total Debt (% PIB)	-	-0.014965	-	-	-	-	-
<i>p-value</i>	-	0.8187	-	-	-	-	-
Overall Budget Balance (% PIB)	-	-	-	-	-	-0.228297	-0.166813
<i>p-value</i>	-	-	-	-	-	0.3149	0.4281
Exports+Imports (% GDP)	-	-	-	-	-	-	-
<i>p-value</i>	-	-	-	-	-	-	-
Current Account Balance (% GDP)	-	-	-	-	-	-	-
<i>p-value</i>	-	-	-	-	-	-	-
Mean Tariff Import	-	-	-	0.146367	4.051938	-	-
<i>p-value</i>	-	-	-	0.4656	0.256	-	-
Akaike criteria	0.843989	0.626204	0.521801	0.760067	0.368104	0.827496	0.756605
Schwartz criteria	0.990254	0.822546	0.668066	0.906332	0.514369	0.973761	0.902870
McFadden's R2	0.51825	0.769942	0.775232	0.585187	0.897823	0.531405	0.587949

Appendix 9

Robustness Test: Estimations without Chile, South Africa, Poland and Turkey

Probit Univariate Models (without Chile, South Africa, Turkey and Poland)

Dependent Variable: Cousin Risks (1=Presenting, 0=Not presenting)

number of observations: 25

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
constant	-1.151751	1.618288	3.036547	-1.091054	-0.609576	0.6029	-0.385748	-2.229661
<i>p-value</i>	0.0109	0.2271	0.0012	0.0578	0.0878	0.422	0.2016	0.0044
External Debt-Reserves (%GDP)	0.072365	-	-	-	-	-	-	-
<i>p-value</i>	0.0031	-	-	-	-	-	-	-
Savings (% GDP)	-	-0.086172	-	-	-	-	-	-
<i>p-value</i>	-	0.1293	-	-	-	-	-	-
Domestic Credit to Private Sector (% GDP)	-	-	-0.074743	-	-	-	-	-
<i>p-value</i>	-	-	0.002	-	-	-	-	-
Total Debt (% PIB)	-	-	-	0.017048	-	-	-	-
<i>p-value</i>	-	-	-	0.1316	-	-	-	-
Overall Budget Balance (% PIB)	-	-	-	-	-0.125648	-	-	-
<i>p-value</i>	-	-	-	-	0.2927	-	-	-
Exports+Imports (% GDP)	-	-	-	-	-	-0.016788	-	-
<i>p-value</i>	-	-	-	-	-	0.1572	-	-
Current Account Balance (% GDP)	-	-	-	-	-	-	-0.04387	-
<i>p-value</i>	-	-	-	-	-	-	0.4455	-
Mean Tariff Import	-	-	-	-	-	-	-	0.200122
<i>p-value</i>	-	-	-	-	-	-	-	0.0058
Akaike criteria	0.867008	1.31045	0.576131	1.340696	1.395415	1.311764	1.429974	1.016411
Schwartz criteria	0.966486	1.409928	0.675609	1.44027	1.494893	1.411242	1.529452	1.115889
McFadden's R2	0.468565	0.120229	0.697057	0.119081	0.053486	0.119196	0.026339	0.351205

Probit Multivariate Models (without Chile, South Africa, Turkey and Poland)

Dependent Variable: Cousin Risks (1=Presenting, 0=Not presenting)

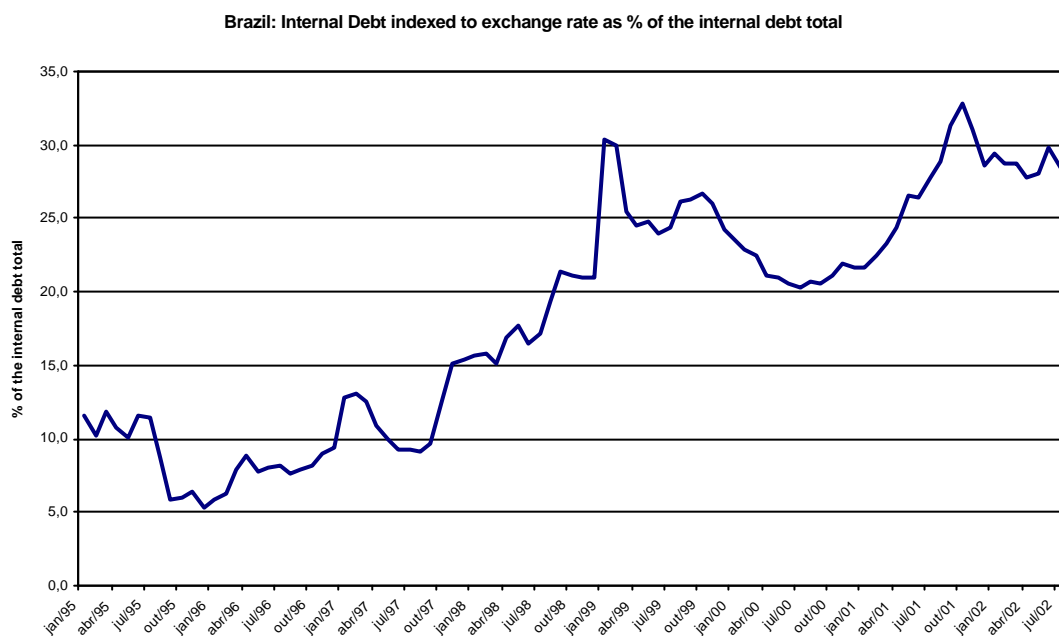
number of observations: 25

	Model 9	Model 10	Model 11	Model 12	Model 13	Model 14	Model 15
constant	-0.034984	-	-	1.994721	-24.73149	-1.424146	3.1874
<i>p-value</i>	0.9837	-	-	0.4333	0.6398	0.0182	0.0049
External Debt-Reserves (%GDP)	0.074569	0.049607	0.090826	-	0.438813	0.073729	-
<i>p-value</i>	0.0073	0.3546	0.0048	-	0.6722	0.0038	-
Savings (% GDP)	-0.050806	-	-	-	-	-	-
<i>p-value</i>	0.5147	-	-	-	-	-	-
Domestic Credit to Private Sector (% GDP)	-	-0.096117	-0.046627	-0.064054	-	-	-0.07595
<i>p-value</i>	-	0.2044	0.025	0.0544	-	-	0.0026
Total Debt (% PIB)	-	0.041448	-	-	-	-	-
<i>p-value</i>	-	0.4116	-	-	-	-	-
Overall Budget Balance (% PIB)	-	-	-	-	-	-0.121446	0.039171
<i>p-value</i>	-	-	-	-	-	0.3963	0.7857
Exports+Imports (% GDP)	-	-	-	-	-	-	-
<i>p-value</i>	-	-	-	-	-	-	-
Current Account Balance (% GDP)	-	-	-	-	-	-	-
<i>p-value</i>	-	-	-	-	-	-	-
Mean Tariff Import	-	-	-	0.062691	1.450852	-	-
<i>p-value</i>	-	-	-	0.6722	0.594	-	-
Akaike criteria	0.947466	0.657161	0.546120	0.66808	0.434935	0.937615	0.670014
Schwartz criteria	1.096683	0.806521	0.645598	0.817298	0.584153	1.086832	0.819232
McFadden's R2	0.480175	-	-	0.699641	0.882783	0.487914	0.698121

Appendix 10

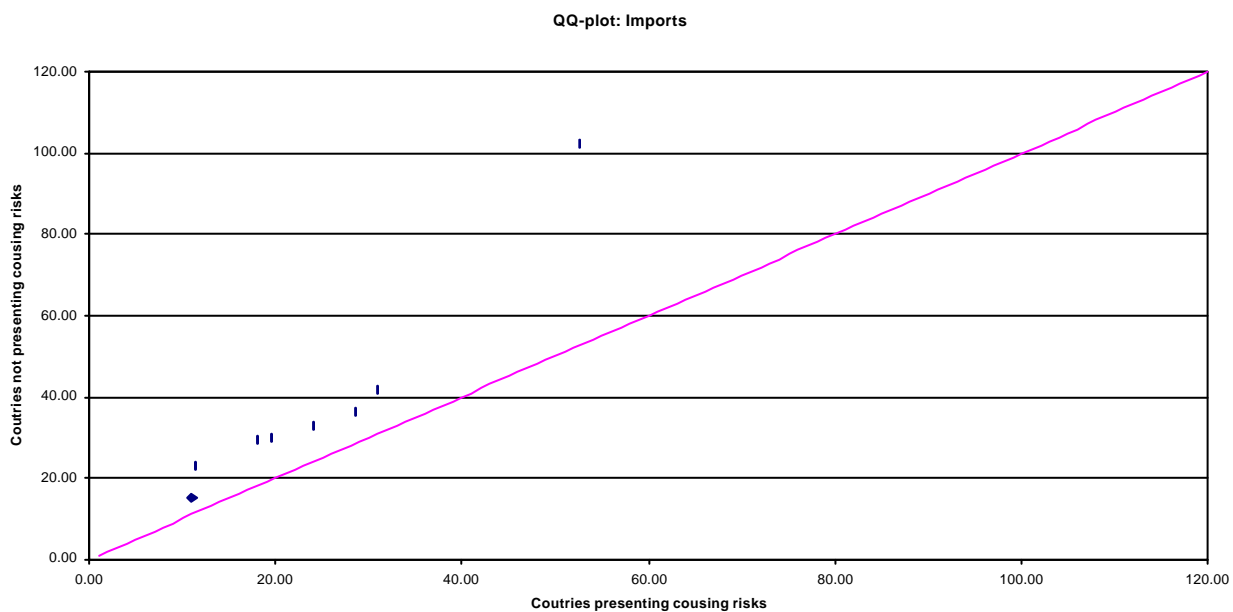
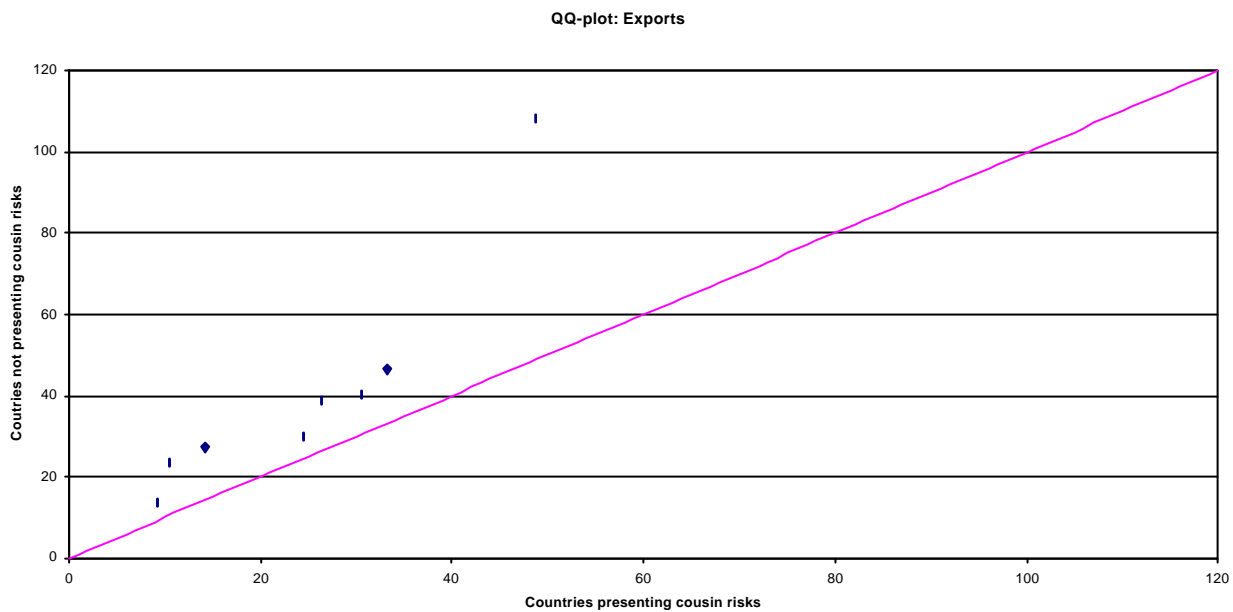
Internal debt indexed to exchange rate in Brazil

Brazil has a significant part of its internal debt indexed to exchange rate, as can be seen in the graph below. So the Brazilian external debt data used in this paper was calculated as the effective external debt plus internal debt indexed to exchange rate. This was done because we were interested in exchange rate mismatch.

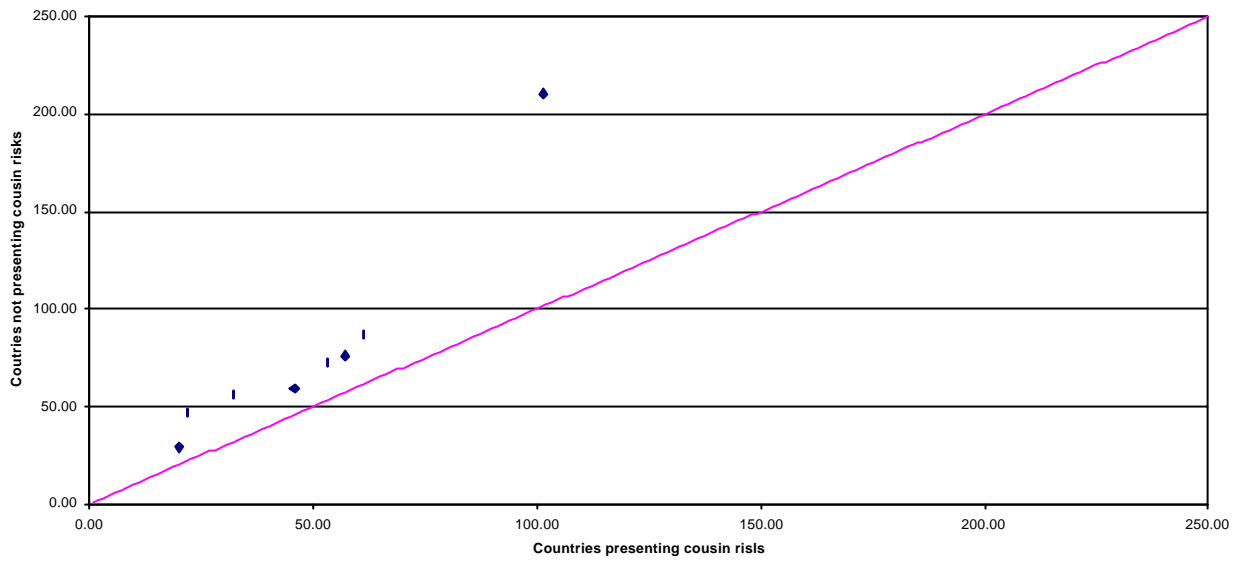


Appendix 11

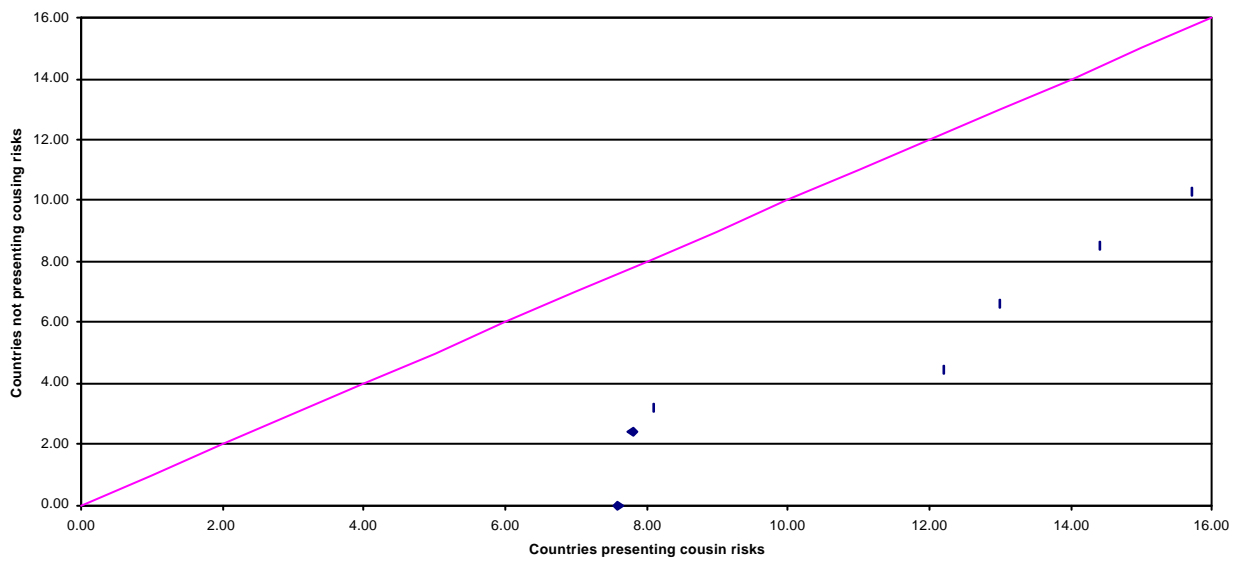
QQ-plots



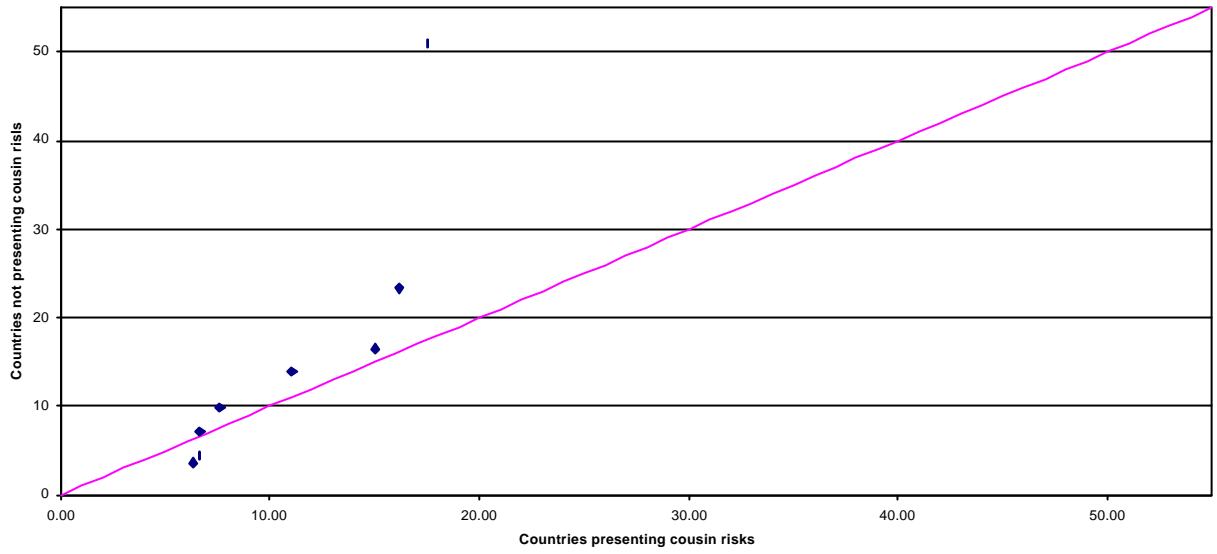
QQ-plot: Exports + Imports



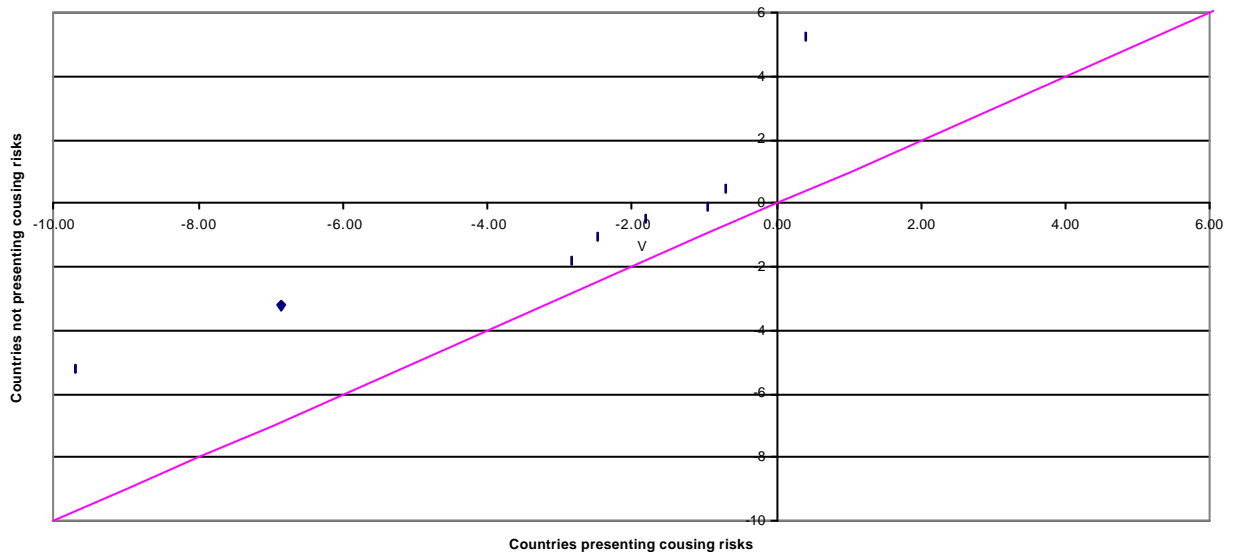
QQ-plot: Mean Import Tariff



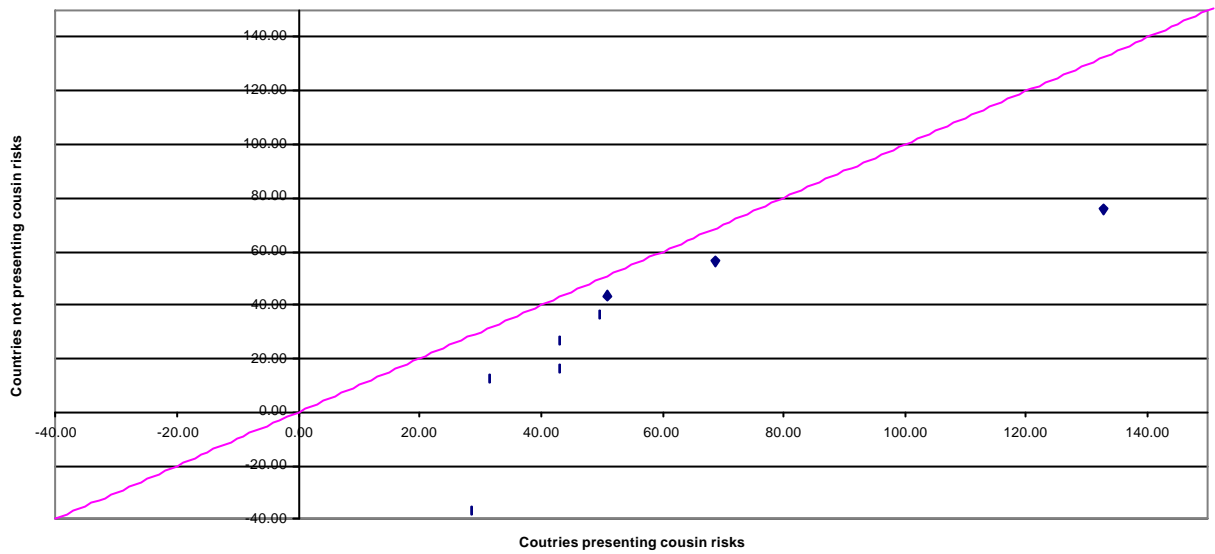
QQ-plot: International Reserves



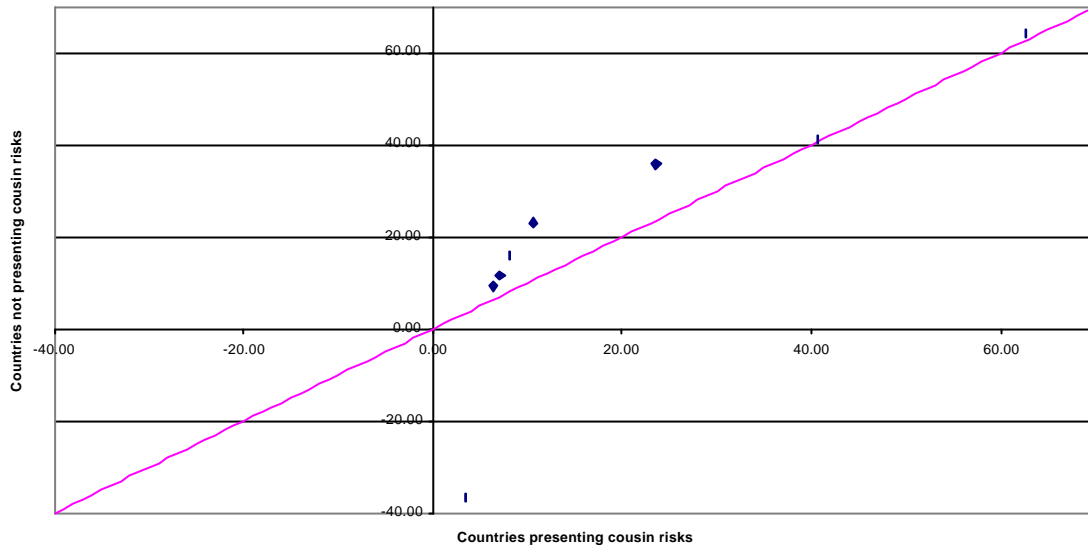
QQ-plot: Overall Budget Balance



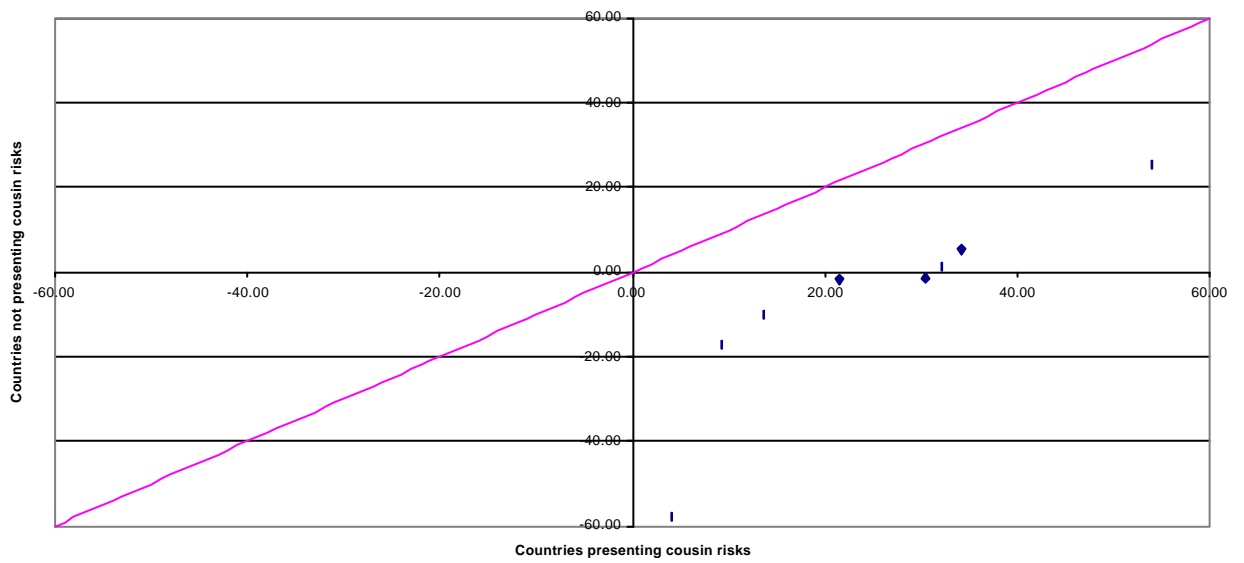
QQ-plot: Total Public Debt



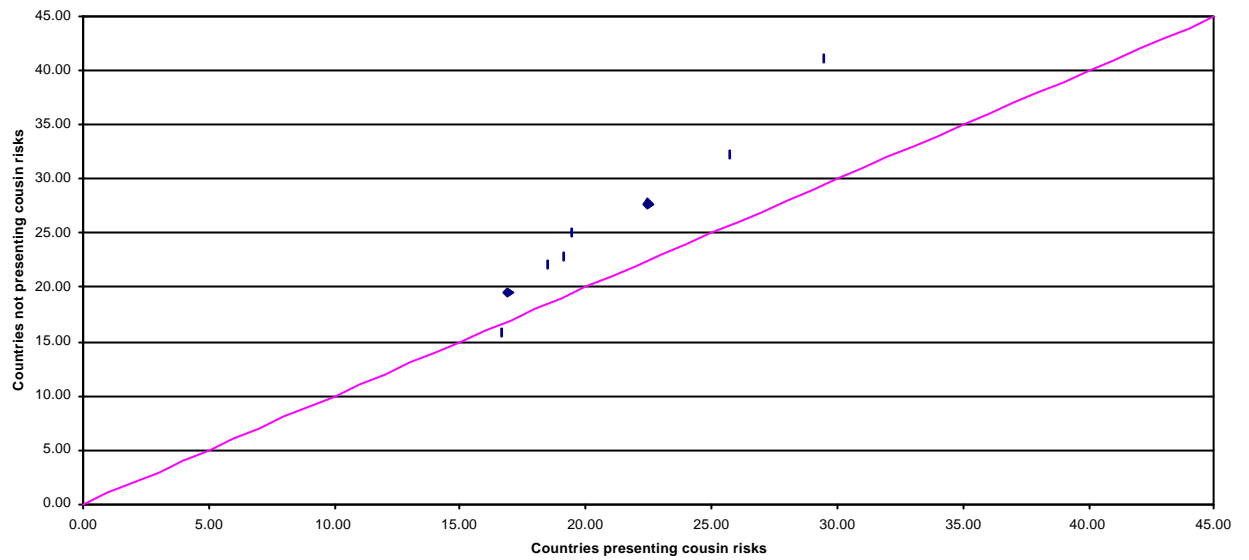
QQ-plot: Internal Government Debt



QQ-plot: Govt. External Debt - International Reserves



QQ-plot: Gross Domestic Savings



QQ-plot: Market Capitlization

