

**Table 1.** Drivers of the Emerging Market 2-Year Nominal Yield and Its Components

	Nominal	E. Short Rate	Term Premium	Credit Risk
U.S. Term Premium	1.75*** (0.41)	1.12*** (0.29)	0.41 (0.29)	0.21 (0.23)
U.S. E. Short Rate	-0.15* (0.08)	-0.07 (0.06)	-0.03 (0.04)	-0.05 (0.04)
Policy Rate	0.51*** (0.05)	0.53*** (0.04)	0.06 (0.04)	-0.08* (0.03)
Inflation	8.24* (3.35)	-6.66* (2.72)	9.69*** (2.77)	5.22* (2.55)
Unemployment	13.35** (4.21)	0.61 (4.16)	11.01** (3.31)	1.73 (3.43)
LC per USD (Std.)	38.59*** (10.31)	51.99*** (6.45)	14.77 (8.55)	-28.16* (12.06)
Log(Vix)	23.98 (25.45)	48.99** (14.80)	-46.00** (17.11)	20.98 (13.46)
Log(EPU U.S.)	-6.50 (7.06)	-4.75 (3.41)	-3.35 (5.17)	1.60 (3.35)
Log(EPU Global)	9.15 (32.03)	-43.61 (22.03)	-7.80 (17.69)	60.56* (23.11)
Global Ind. Prod.	11.61*** (2.77)	5.66** (1.75)	2.75 (1.82)	3.20 (2.63)
Fixed Effects	Yes	Yes	Yes	Yes
Lags	3	3	3	3
No. Countries	9	9	9	9
Observations	468	468	468	468
$R^2$	0.61	0.66	0.28	0.23

*Notes:* Driscoll–Kraay standard errors in parenthesis. Lag length up to which the residuals may be auto-correlated is indicated. \*, \*\*, \*\*\* asterisks respectively indicate significance at the 10%, 5% and 1% level.