

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

	Nominal	Synth.	ESR	TP	CRP	FP
US ER	0.29** (0.09)	0.44* (0.18)	0.30 (0.16)	0.14* (0.06)	-0.07* (0.03)	-0.56** (0.17)
US TP	2.29** (0.76)	3.46*** (0.75)	2.68*** (0.56)	0.80 (0.46)	-0.71* (0.30)	2.48** (0.75)
Inflation	44.66*** (6.38)	45.43*** (7.60)	30.81** (7.80)	14.78*** (2.33)	-1.00 (3.19)	45.45*** (7.59)
Unempl.	22.46* (10.07)	9.52 (10.49)	8.42 (7.76)	1.32 (3.79)	10.02 (5.54)	9.24 (10.44)
Log(Vix)	70.52* (27.74)	-0.16 (28.89)	9.95 (23.45)	-13.91 (14.46)	90.24** (22.45)	-2.19 (29.01)
Log(EPU)	-8.32 (6.79)	-27.26** (7.84)	-15.18* (5.99)	-12.68** (3.81)	18.25*** (3.76)	-28.20** (7.83)
Global IP	1.53 (1.49)	-1.81 (1.73)	0.11 (1.30)	-1.94 (1.71)	4.61** (1.42)	-1.90 (1.73)
FX	0.02 (0.01)	0.01 (0.01)	0.00 (0.01)	0.01 (0.01)	0.01 (0.01)	0.01 (0.01)
S&P	0.01 (0.01)	-0.01 (0.01)	-0.01 (0.01)	-0.01 (0.01)	0.03*** (0.00)	-0.02 (0.01)
Oil	0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)	-0.00* (0.00)	0.00 (0.00)	-0.00 (0.00)
Obs.	2333	2257	2257	2257	2197	2257
$R^2$	0.60	0.53	0.49	0.29	0.26	0.37

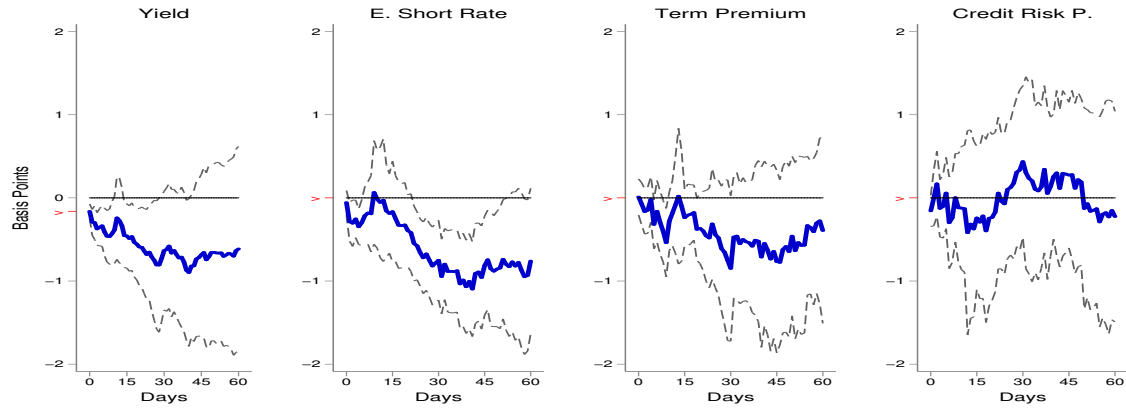
*Notes:* This table reports the estimated slope coefficients of panel data regressions of the 2-year nominal yields and their components on selected explanatory variables. The sample includes monthly data for 15 emerging markets starting in 2000:1 and ending in 2019:12. The dependent variables are the nominal (Nominal) and synthetic (Synth.) yields, the expected short rate (ESR), the term premium (TP), the credit risk premium (CRP) and the forward premium (FP). All dependent variables are expressed in basis points. The explanatory variables are the U.S. expected short rate (US ER) and term premium (US TP) according to ?, domestic inflation and unemployment, the log of the Vix (Log(Vix)) and the global economic policy uncertainty index (Log(EPU)) based on ?, the global activity index based in industrial production (Global IP) from ? and the monthly returns of the exchange rate (FX), the Standard & Poor's stock market index (S&P) and the price of oil for the West Texas Intermediate benchmark (Oil). All cases include country fixed effects. Heteroskedasticity and autocorrelation consistent standard errors are in parenthesis. \*, \*\*, \*\*\* asterisks respectively indicate significance at the 10%, 5% and 1% level.

**Table 2.** Drivers of the Emerging Market 10-Year Nominal Yield and Its Components

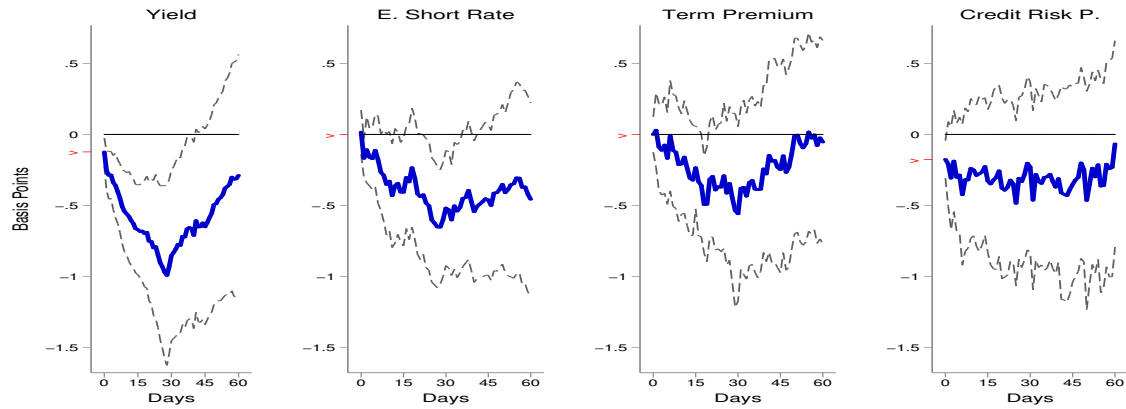
	Nominal	Synth.	ESR	TP	CRP	FP
US ER	0.55** (0.14)	0.83** (0.22)	0.67*** (0.15)	0.20 (0.14)	-0.17 (0.11)	-0.18 (0.22)
US TP	0.89*** (0.16)	1.31*** (0.23)	0.46 (0.22)	0.78*** (0.17)	-0.45** (0.13)	0.33 (0.23)
Inflation	29.22*** (4.17)	27.47*** (3.95)	19.01*** (3.65)	8.30*** (1.94)	2.37 (3.45)	27.19*** (4.01)
Unempl.	30.02** (9.44)	17.08 (8.75)	6.35 (5.61)	10.14* (4.09)	10.02 (6.53)	16.76 (8.70)
Log(Vix)	31.95 (15.50)	-0.64 (19.24)	-27.72 (15.53)	18.90 (10.19)	48.25** (12.28)	-8.49 (19.21)
Log(EPU)	-12.09 (7.03)	-26.55** (7.18)	-20.17** (5.17)	-7.96 (3.74)	13.43** (3.99)	-29.65** (7.19)
Global IP	-1.40 (1.29)	-2.10* (0.96)	-1.29 (0.73)	-1.45 (0.86)	0.94 (1.33)	-2.35* (0.97)
FX	0.03** (0.01)	0.02 (0.01)	0.00 (0.01)	0.01 (0.01)	0.01 (0.01)	0.02 (0.01)
S&P	-0.00 (0.01)	-0.02** (0.01)	-0.02* (0.01)	-0.01 (0.01)	0.02** (0.01)	-0.03** (0.01)
Oil	0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)	-0.00* (0.00)	0.00 (0.00)	-0.00 (0.00)
Obs.	2333	2257	2257	2257	2197	2257
$R^2$	0.61	0.60	0.51	0.45	0.19	0.30

*Notes:* This table reports the estimated slope coefficients of panel data regressions of the 10-year nominal yields and their components on selected explanatory variables. The sample includes monthly data for 15 emerging markets starting in 2000:1 and ending in 2019:12. The dependent variables are the nominal (Nominal) and synthetic (Synth.) yields, the expected short rate (ESR), the term premium (TP), the credit risk premium (CRP) and the forward premium (FP). All dependent variables are expressed in basis points. The explanatory variables are the U.S. expected short rate (US ER) and term premium (US TP) according to ?, domestic inflation and unemployment, the log of the Vix (Log(Vix)) and the global economic policy uncertainty index (Log(EPU)) based on ?, the global activity index based in industrial production (Global IP) from ? and the monthly returns of the exchange rate (FX), the Standard & Poor's stock market index (S&P) and the price of oil for the West Texas Intermediate benchmark (Oil). All cases include country fixed effects. Heteroskedasticity and autocorrelation consistent standard errors are in parenthesis. \*, \*\*, \*\*\* asterisks respectively indicate significance at the 10%, 5% and 1% level.

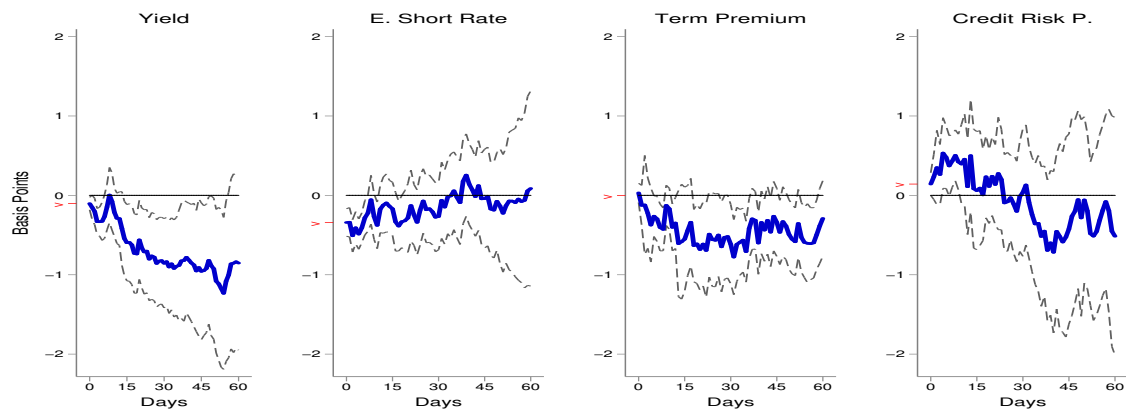
**Figure 1.** Response of 2-Year Emerging Market Yield to U.S. Monetary Policy Shocks



(a) Target Shock: 2000-2008



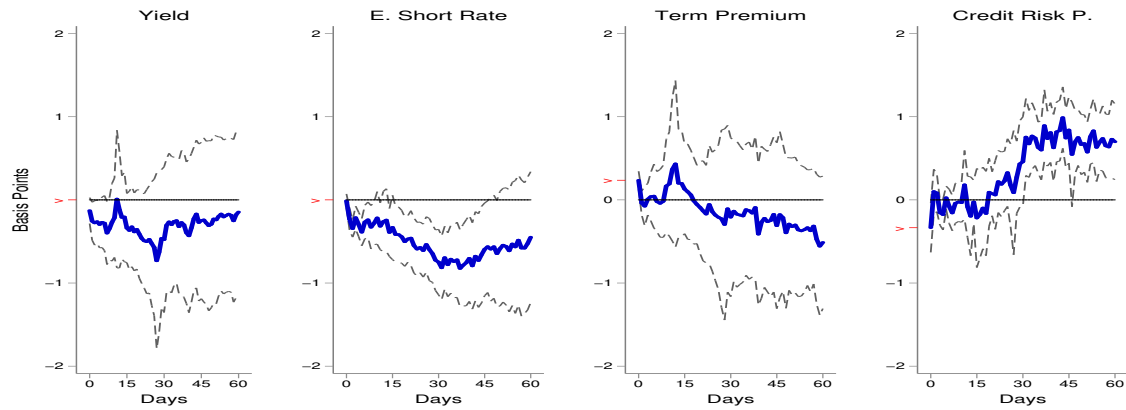
(b) Path Shock: 2000-2019



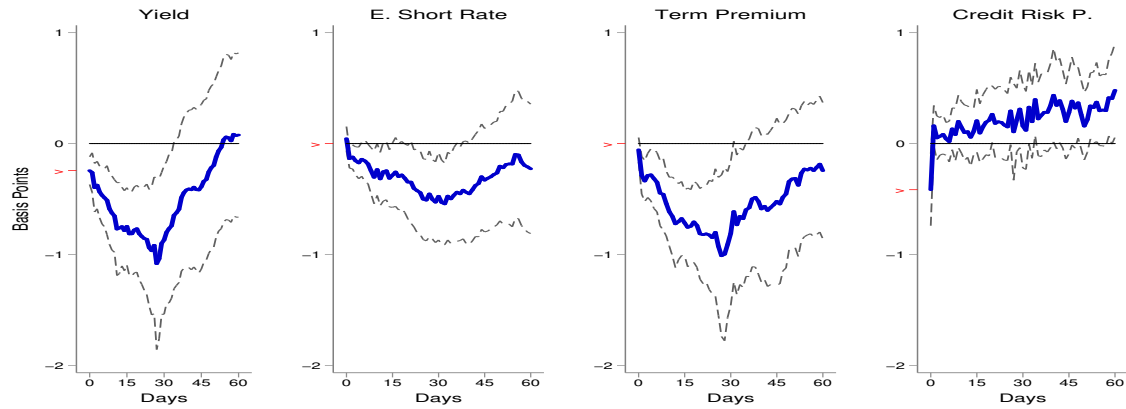
(c) LSAP Shock: 2009-2019

*Notes:* This figure shows the response following ? of the 2-year emerging market nominal yield and its components to U.S. monetary policy shocks. The nominal yield is decomposed into an expected future short-term interest rate (ER), a term premium (TP) and a credit risk premium (CRP). The target, path and LSAP shocks are identified using high-frequency data around Fed's monetary policy announcements, see section ?? for details.

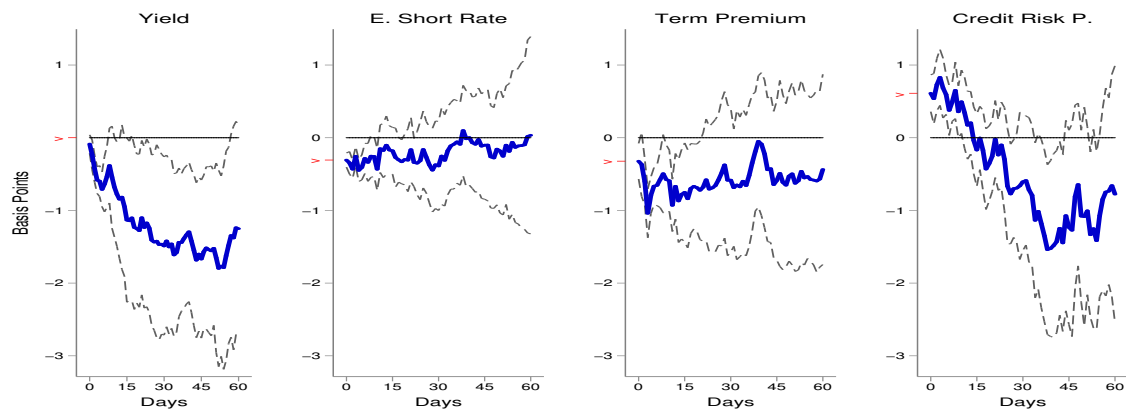
**Figure 2.** Response of 10-Year Emerging Market Yield to U.S. Monetary Policy Shocks



(a) Target Shock: 2000-2008



(b) Path Shock: 2000-2019



(c) LSAP Shock: 2009-2019

*Notes:* This figure shows the response following ? of the 10-year emerging market nominal yield and its components to U.S. monetary policy shocks. The nominal yield is decomposed into an expected future short-term interest rate (ER), a term premium (TP) and a credit risk premium (CRP). The target, path and LSAP shocks are identified using high-frequency data around Fed's monetary policy announcements, see section ?? for details.