

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	1.59*** (0.22)	1.68*** (0.17)	0.58*** (0.17)	-0.68** (0.21)
U.S. E. Short Rate	-0.03 (0.04)	-0.02 (0.03)	0.05 (0.03)	-0.06 (0.04)
Policy Rate	0.64*** (0.03)	0.56*** (0.03)	0.13*** (0.02)	-0.05 (0.03)
Inflation	8.91*** (2.25)	-0.15 (2.58)	7.40** (2.25)	1.67 (2.50)
Unemployment	9.39** (2.91)	-0.62 (2.14)	0.04 (1.61)	9.97*** (2.14)
LC per USD (Std.)	27.18*** (4.84)	25.67*** (4.86)	17.86*** (4.04)	-16.36** (4.91)
Log(Vix)	46.41*** (8.16)	-20.29 (13.92)	-9.10 (7.68)	75.79*** (11.92)
Log(EPU U.S.)	8.42* (3.82)	-0.66 (3.91)	-7.01* (2.79)	16.10*** (4.15)
Log(EPU Global)	-60.39*** (13.69)	-44.01*** (9.62)	-10.88 (9.32)	-5.50 (12.88)
Global Ind. Prod.	2.61*** (0.68)	0.36 (0.93)	-1.16* (0.57)	3.41*** (0.76)
Fixed Effects	Yes	Yes	Yes	Yes
Lags	4	4	4	4
No. Countries	15	15	15	15
Observations	2194	2194	2194	2194
R^2	0.80	0.75	0.35	0.29

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.