

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*** (0.26)	1.32*** (0.21)	0.37* (0.17)	-0.10 (0.25)
U.S. E. Short Rate	-0.08 (0.08)	0.12* (0.05)	0.10* (0.05)	-0.30*** (0.08)
Policy Rate	0.62*** (0.04)	0.49*** (0.04)	0.11*** (0.03)	0.03 (0.04)
Inflation	11.28*** (2.47)	7.60** (2.27)	8.57* (3.85)	-4.89 (3.13)
Unemployment	8.97** (3.17)	5.02* (2.45)	0.49 (2.16)	3.47 (2.15)
LC per USD (Std.)	21.97*** (4.75)	18.82*** (5.38)	16.60*** (4.39)	-13.46* (6.61)
Log(Vix)	43.44*** (9.48)	-32.36* (13.77)	-0.45 (8.18)	76.25*** (12.98)
Log(EPU U.S.)	7.07 (4.05)	-3.92 (4.60)	-8.60* (3.48)	19.59*** (5.47)
Log(EPU Global)	-32.72* (16.10)	-41.17** (12.33)	-9.57 (9.84)	18.02 (13.95)
Global Ind. Prod.	1.38* (0.58)	-0.68 (0.85)	-1.55** (0.50)	3.62*** (0.70)
Fixed Effects	Yes	Yes	Yes	Yes
Lags	4	4	4	4
No. Countries	15	15	15	15
Observations	1726	1726	1726	1726
R^2	0.75	0.68	0.28	0.33

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.