The **Multinomial Logit Model** captures the nuanced distinctions among tranquil, crisis, and post-crisis states. It identifies significant predictors such as m2res (coefficient: 0.0065, p < 0.001), liq (coefficient: 0.0060, p < 0.001), and nfagdp (coefficient: -0.0177, p < 0.01), that explain the likelihood of being in a crisis state relative to tranquil or post-crisis periods. The negative coefficient for nfagdp mean that higher net foreign assets reduces crisis risk, while the positive coefficients for m2res and liq imply that higher money supply and liquidity increase crisis likelihood. Although the model’s pseudo-R-squared was 0.03986, reflecting modest explanatory power, it offer valuable insights into transition between all three states. This makes it a valuable tool for policymakers and researchers analysing economic conditions comprehensively.

In contrast, the **Logit Model** simplifies the analysis by focusing on the binary distinction between crisis (1) and non-crisis (0) periods (tranquil or post-crisis). With the same significant predictors (m2res: 0.0065, p < 0.001; liq: 0.0060, p < 0.001; nfagdp: -0.0177, p < 0.01) and an identical pseudo-R-squared of 0.03986, the logit model retains comparable explanatory power while easier to interpret and implement. The coefficients means the same relationships, such as the protective effects of higher net foreign assets and the crisis-exacerbating influence of greater liquidity and money supply. Given its simplicity and target, the Logit Model is more practical for operational decision-making and crisis prediction tasks. However, if a detailed understanding of all three states is critical, the Multinomial Logit Model would be the better choice. For most applications, the Logit Model is the better option due to its clarity and focus on binary outcomes.