



Federal Reserve
Bank of Dallas

Online Appendix to Real Exchange Rates and the Global Financial Cycle

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Working Paper 2416 Online Appendix

November 2024

Research Department

<https://doi.org/10.24149/wp2416app>

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Online Appendix to Real Exchange Rates and the Global Financial Cycle^{*}

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November 22, 2024

Abstract

In this appendix we provide the full table of regression results for the tables in the paper where we just presented truncated results. Tables 1 and 2 present the main regression in tables 3 and 4 in the text replacing the real exchange rate with the nominal exchange rate. Tables 3 and 4 present the main regression in tables 3 and 4 in the text replacing the real exchange rate with the inflation differential. A truncated version of these 4 tables is presented in tables 5 and 6 in the text. Table 5 presents the regression results over the full sample period for the emerging and developing countries with a closed capital account and pegged exchange rate or those with a closed capital account and a floating exchange rate. Table 6 presents the regression results over the full sample period for the emerging and developing countries with an open capital account and pegged exchange rate or those with an open capital account and a floating exchange rate. A truncated version of these two tables is presented in table 7 in the text.

^{*}The views presented here are those of the authors and do not necessarily represent the views of the Federal Reserve Bank of Dallas, the Board of Governors, or the Federal Reserve System.

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Table 1: Regression of annual changes in the nominal exchange rate on the GFC factor over the 1996-2006 period

	Advanced $\Delta ner_{i,t}$				Emerging $\Delta ner_{i,t}$				Developing $\Delta ner_{i,t}$			
	(1a)	(2a)	(3a)	(4a)	(1e)	(2e)	(3e)	(4e)	(1d)	(2d)	(3d)	(4d)
$\Delta rer_{i,t-1}$	0.273*** (0.030)	0.163*** (0.055)	0.158*** (0.059)	0.165*** (0.057)	0.425*** (0.119)	0.377*** (0.144)	0.372*** (0.143)	0.373*** (0.143)	0.399*** (0.077)	0.356*** (0.082)	0.355*** (0.081)	0.357*** (0.079)
$\pi_{i,t-1}$	0.559*** (0.136)	0.473*** (0.132)	0.475*** (0.132)	0.495*** (0.139)	0.223*** (0.056)	0.218*** (0.055)	0.215*** (0.054)	0.216*** (0.054)	0.235* (0.141)	0.234* (0.141)	0.235* (0.141)	0.236* (0.143)
$\pi_{USA,t-1}$	4.064*** (0.616)	4.747*** (0.734)	4.765*** (0.745)	4.731*** (0.741)	0.739 (1.364)	0.874 (1.343)	0.924 (1.345)	0.998 (1.353)	0.080 (0.873)	0.257 (0.870)	0.308 (0.877)	0.313 (0.878)
$g_{i,t-1}$	0.140 (0.281)	0.080 (0.250)	0.081 (0.250)	0.100 (0.264)	-0.012 (0.111)	0.012 (0.114)	0.013 (0.112)	0.012 (0.113)	0.055 (0.108)	0.063 (0.109)	0.060 (0.108)	0.062 (0.106)
$g_{USA,t-1}$	3.622*** (0.444)	3.804*** (0.450)	3.806*** (0.453)	3.781*** (0.462)	1.316* (0.723)	1.310* (0.735)	1.301* (0.738)	1.233* (0.741)	1.733*** (0.425)	1.780*** (0.441)	1.765*** (0.441)	1.879*** (0.438)
$nfa_{i,t-1}^{safe}$	0.000 (0.029)	0.003 (0.027)	-0.002 (0.032)	-0.002 (0.032)	-0.094** (0.045)	-0.086* (0.047)	-0.093* (0.049)	-0.098** (0.048)	-0.024 (0.054)	-0.021 (0.054)	-0.019 (0.056)	-0.005 (0.056)
$nfa_{i,t-1}^{risky}$	0.014 (0.024)	0.018 (0.023)	0.014 (0.026)	0.016 (0.027)	0.150** (0.076)	0.131 (0.080)	0.138* (0.081)	0.142* (0.075)	0.219** (0.095)	0.207** (0.094)	0.214** (0.095)	0.165* (0.098)
$CA_{i,t-1}$	0.030 (0.067)	0.026 (0.064)	0.018 (0.076)	-0.040 (0.138)	-0.112 (0.077)	-0.095 (0.073)	-0.118 (0.083)	-0.155 (0.107)	-0.069 (0.085)	-0.062 (0.083)	-0.058 (0.081)	-0.079 (0.130)
Δf_t		-0.029** (0.012)	-0.029** (0.012)	-0.029** (0.012)		-0.037 (0.029)	-0.031 (0.029)	-0.034 (0.035)		-0.021 (0.015)	-0.034 (0.021)	-0.028 (0.023)
$nfa_{i,t-1} \times \Delta f_t$			0.006 (0.013)				0.020* (0.012)				-0.014 (0.022)	
$nfa_{i,t-1}^{safe} \times \Delta f_t$				-0.004 (0.013)				0.030 (0.032)				-0.039** (0.017)
$nfa_{i,t-1}^{risky} \times \Delta f_t$				-0.011 (0.018)				-0.006 (0.053)				0.065 (0.093)
$CA_{i,t-1} \times \Delta f_t$				0.156 (0.193)				0.116 (0.116)				0.113 (0.225)
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	338	338	338	338	614	614	614	614	428	428	428	428
R^2	0.413	0.422	0.423	0.424	0.369	0.374	0.376	0.377	0.382	0.386	0.387	0.394
R_{CS}^2	0.187	0.144	0.145	0.148	0.382	0.366	0.368	0.369	0.363	0.340	0.342	0.350
R_{TS}^2	0.531	0.568	0.568	0.569	0.282	0.442	0.447	0.444	0.423	0.526	0.526	0.525
ω_{CS}	0.346	0.346	0.346	0.346	0.887	0.887	0.887	0.887	0.795	0.795	0.795	0.795
$var(\Delta ner_{i,t})$	0.008	0.008	0.008	0.008	0.049	0.049	0.049	0.049	0.018	0.018	0.018	0.018

Notes: See notes to Table 3 in the text. $\Delta ner_{i,t}$ is the year-over-year change in the nominal exchange rate (LCU/USD) in country i from year t-1 to year t.

Table 2: Regression of annual changes in the nominal exchange rate on the GFC factor over the 2007-2018 period

	Advanced $\Delta ner_{i,t}$					Emerging $\Delta ner_{i,t}$			Developing $\Delta ner_{i,t}$			
	(1a)	(2a)	(3a)	(4a)	(1e)	(2e)	(3e)	(4e)	(1d)	(2d)	(3d)	(4d)
$\Delta reri_{t-1}$	0.179*** (0.058)	0.185*** (0.055)	0.200*** (0.049)	0.178*** (0.045)	0.201*** (0.062)	0.198*** (0.062)	0.198*** (0.063)	0.198*** (0.064)	0.118* (0.070)	0.135* (0.080)	0.133* (0.079)	0.133* (0.080)
$\pi_{i,t-1}$	-0.899*** (0.328)	-1.074*** (0.278)	-1.004*** (0.251)	-0.758*** (0.294)	0.020 (0.198)	-0.028 (0.198)	-0.028 (0.198)	-0.016 (0.197)	0.170 (0.150)	0.141 (0.155)	0.137 (0.158)	0.133 (0.158)
$\pi_{USA,t-1}$	1.553*** (0.515)	0.099 (0.363)	0.136 (0.316)	-0.184 (0.348)	1.358** (0.563)	-0.267 (0.553)	-0.267 (0.554)	-0.295 (0.561)	-0.045 (0.400)	-1.148** (0.457)	-1.189*** (0.454)	-1.202*** (0.457)
$g_{i,t-1}$	-0.198*** (0.075)	-0.326*** (0.090)	-0.357*** (0.096)	-0.348*** (0.097)	-0.116 (0.089)	-0.098 (0.095)	-0.098 (0.095)	-0.097 (0.094)	-0.276 (0.200)	-0.273 (0.207)	-0.271 (0.206)	-0.273 (0.207)
$g_{USA,t-1}$	-1.128*** (0.303)	-1.020*** (0.307)	-0.974*** (0.304)	-0.954*** (0.303)	0.026 (0.256)	-0.021 (0.256)	-0.021 (0.258)	-0.028 (0.260)	-0.480* (0.289)	-0.539* (0.303)	-0.543* (0.306)	-0.548* (0.303)
$nfa_{i,t-1}^{safe}$	-0.008*** (0.003)	-0.008*** (0.003)	-0.010*** (0.002)	-0.009*** (0.003)	-0.105** (0.047)	-0.110** (0.047)	-0.110** (0.047)	-0.104** (0.047)	0.012 (0.020)	0.007 (0.020)	0.006 (0.018)	0.004 (0.019)
$nfa_{i,t-1}^{risky}$	0.001 (0.019)	0.000 (0.019)	0.000 (0.019)	0.001 (0.017)	0.072** (0.037)	0.070** (0.035)	0.070** (0.035)	0.063* (0.035)	0.014 (0.039)	0.020 (0.038)	0.018 (0.038)	0.017 (0.038)
$CA_{i,t-1}$	-0.095 (0.130)	-0.101 (0.132)	-0.019 (0.101)	-0.045 (0.079)	-0.125 (0.077)	-0.114 (0.079)	-0.115 (0.082)	-0.106 (0.081)	-0.037 (0.099)	-0.020 (0.099)	-0.032 (0.104)	-0.017 (0.105)
Δft		-0.045*** (0.007)	-0.044*** (0.006)	-0.043*** (0.006)		-0.041*** (0.005)	-0.041*** (0.006)	-0.050*** (0.007)		-0.030*** (0.005)	-0.037*** (0.006)	-0.038*** (0.007)
$nfa_{i,t-1} \times \Delta ft$			0.015*** (0.005)				0.000 (0.005)				-0.015** (0.007)	
$nfa_{i,t-1}^{safe} \times \Delta ft$				0.025*** (0.005)				0.013 (0.009)				-0.017** (0.009)
$nfa_{i,t-1}^{risky} \times \Delta ft$				0.015 (0.014)				-0.023** (0.010)				-0.020 (0.016)
$CA_{i,t-1} \times \Delta ft$				-0.133* (0.071)				0.003 (0.027)				0.012 (0.023)
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	372	372	372	372	692	692	692	692	486	486	486	486
R^2	0.108	0.264	0.295	0.309	0.238	0.316	0.316	0.319	0.236	0.277	0.280	0.281
R_{CS}^2	0.146	0.192	0.263	0.293	0.292	0.285	0.285	0.289	0.274	0.271	0.275	0.275
R_{TS}^2	0.081	0.314	0.318	0.320	0.046	0.424	0.424	0.425	0.068	0.284	0.284	0.284
ω_{CS}	0.411	0.411	0.411	0.411	0.781	0.781	0.781	0.781	0.803	0.803	0.803	0.803
$var(\Delta ner_{i,t})$	0.006	0.006	0.006	0.006	0.010	0.010	0.010	0.010	0.011	0.011	0.011	0.011

Notes: See notes to Table 3 in the text. $\Delta ner_{i,t}$ is the year-over-year change in the nominal exchange rate (LCU/USD) in country i from year t-1 to year t.

Table 3: Regression of annual changes in the U.S.-local inflation differential on the GFC factor over the 1996-2006 period

	Advanced				Emerging				Developing			
	$\pi_{US,t} - \pi_{i,t}$				$\pi_{US,t} - \pi_{i,t}$				$\pi_{US,t} - \pi_{i,t}$			
	(1a)	(2a)	(3a)	(4a)	(1e)	(2e)	(3e)	(4e)	(1d)	(2d)	(3d)	(4d)
$\Delta rer_{i,t-1}$	-0.033*** (0.010)	-0.023 (0.019)	-0.020 (0.019)	-0.020 (0.019)	-0.289*** (0.088)	-0.318*** (0.116)	-0.316*** (0.116)	-0.317*** (0.116)	-0.256*** (0.056)	-0.303*** (0.061)	-0.301*** (0.059)	-0.302*** (0.059)
$\pi_{i,t-1}$	-0.635*** (0.029)	-0.627*** (0.029)	-0.628*** (0.028)	-0.630*** (0.029)	-0.325*** (0.058)	-0.328*** (0.057)	-0.326*** (0.056)	-0.327*** (0.056)	-0.454*** (0.071)	-0.455*** (0.072)	-0.456*** (0.073)	-0.456*** (0.073)
$\pi_{USA,t-1}$	0.258 (0.171)	0.197 (0.207)	0.188 (0.203)	0.188 (0.207)	0.194 (1.111)	0.275 (1.044)	0.253 (1.045)	0.168 (1.051)	0.444 (0.535)	0.636 (0.538)	0.577 (0.532)	0.575 (0.526)
$g_{i,t-1}$	-0.130*** (0.038)	-0.125*** (0.032)	-0.125*** (0.033)	-0.128*** (0.035)	-0.093 (0.063)	-0.079 (0.072)	-0.079 (0.071)	-0.075 (0.073)	0.002 (0.107)	0.011 (0.105)	0.015 (0.105)	0.014 (0.104)
$g_{USA,t-1}$	0.244*** (0.054)	0.228*** (0.053)	0.226*** (0.053)	0.229*** (0.053)	0.145 (0.361)	0.141 (0.359)	0.145 (0.359)	0.148 (0.333)	0.530* (0.276)	0.581** (0.277)	0.598** (0.270)	0.536** (0.265)
$nfa_{i,t-1}^{safe}$	0.001 (0.003)	0.001 (0.003)	0.003 (0.004)	0.004 (0.005)	0.040 (0.030)	0.046 (0.034)	0.049 (0.035)	0.046 (0.032)	0.006 (0.033)	0.010 (0.032)	0.006 (0.033)	-0.001 (0.034)
$nfa_{i,t-1}^{risky}$	-0.001 (0.002)	-0.002 (0.002)	0.000 (0.002)	-0.001 (0.003)	-0.061 (0.050)	-0.072 (0.059)	-0.075 (0.061)	-0.069 (0.053)	-0.036 (0.055)	-0.050 (0.057)	-0.058 (0.057)	-0.032 (0.059)
$CA_{i,t-1}$	0.006 (0.017)	0.007 (0.016)	0.011 (0.017)	0.016 (0.026)	0.031 (0.050)	0.041 (0.049)	0.051 (0.055)	0.086 (0.068)	0.013 (0.059)	0.021 (0.059)	0.016 (0.055)	0.027 (0.069)
Δf_t		0.003 (0.003)	0.003 (0.003)	0.003 (0.003)		-0.023 (0.025)	-0.026 (0.026)	-0.028 (0.031)		-0.023*** (0.008)	-0.010 (0.009)	-0.013 (0.009)
$nfa_{i,t-1} \times \Delta f_t$			-0.003 (0.003)				-0.009 (0.008)				0.016* (0.010)	
$nfa_{i,t-1}^{safe} \times \Delta f_t$				-0.003 (0.004)				0.002 (0.023)				0.030*** (0.008)
$nfa_{i,t-1}^{risky} \times \Delta f_t$				0.001 (0.004)				-0.016 (0.041)				-0.026 (0.043)
$CA_{i,t-1} \times \Delta f_t$				-0.014 (0.035)				-0.107* (0.060)				-0.050 (0.085)
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	338	338	338	338	614	614	614	614	428	428	428	428
R^2	0.819	0.819	0.820	0.821	0.550	0.552	0.553	0.554	0.593	0.602	0.604	0.608
R_{CS}^2	0.798	0.796	0.798	0.798	0.533	0.542	0.543	0.544	0.569	0.588	0.591	0.594
R_{TS}^2	0.890	0.912	0.903	0.908	0.379	0.248	0.253	0.249	0.689	0.519	0.522	0.522
ω_{CS}	0.888	0.888	0.888	0.888	0.953	0.953	0.953	0.953	0.947	0.947	0.947	0.947
$var(\pi_{US,t} - \pi_{i,t})$	0.001	0.001	0.001	0.001	0.035	0.035	0.035	0.035	0.010	0.010	0.010	0.010

Notes: See notes to Table 3 in the text. $\pi_{US,t} - \pi_{i,t}$ is the U.S.-local inflation differential.

Table 4: Regression of annual changes in the U.S.-local inflation differential on the GFC factor over the 2007-2018 period

	Advanced				Emerging				Developing			
	$\pi_{US,t} - \pi_{i,t}$				$\pi_{US,t} - \pi_{i,t}$				$\pi_{US,t} - \pi_{i,t}$			
	(1a)	(2a)	(3a)	(4a)	(1e)	(2e)	(3e)	(4e)	(1d)	(2d)	(3d)	(4d)
$\Delta rer_{i,t-1}$	-0.021** (0.010)	-0.021** (0.009)	-0.022** (0.010)	-0.018** (0.009)	-0.011 (0.033)	-0.010 (0.033)	-0.008 (0.033)	-0.007 (0.033)	-0.059* (0.031)	-0.066** (0.033)	-0.066** (0.032)	-0.062* (0.033)
$\pi_{i,t-1}$	-0.334*** (0.081)	-0.325*** (0.084)	-0.329*** (0.084)	-0.385*** (0.099)	-0.279*** (0.100)	-0.272*** (0.099)	-0.272*** (0.099)	-0.274*** (0.099)	-0.380*** (0.106)	-0.368*** (0.112)	-0.367*** (0.112)	-0.368*** (0.113)
$\pi_{USA,t-1}$	0.132* (0.074)	0.205*** (0.065)	0.203*** (0.065)	0.270*** (0.072)	-0.189 (0.264)	0.045 (0.287)	0.047 (0.287)	0.060 (0.293)	-0.567*** (0.218)	-0.111 (0.233)	-0.106 (0.227)	-0.101 (0.217)
$g_{i,t-1}$	-0.105*** (0.023)	-0.098*** (0.024)	-0.097*** (0.024)	-0.104*** (0.023)	0.005 (0.045)	0.002 (0.046)	0.002 (0.046)	0.002 (0.046)	0.080 (0.055)	0.079 (0.058)	0.079 (0.058)	0.077 (0.058)
$g_{USA,t-1}$	0.247*** (0.049)	0.241*** (0.047)	0.239*** (0.044)	0.233*** (0.042)	-0.008 (0.122)	-0.001 (0.121)	-0.005 (0.121)	-0.003 (0.120)	-0.108 (0.114)	-0.084 (0.114)	-0.083 (0.114)	-0.083 (0.108)
$nfa_{i,t-1}^{safe}$	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	0.017 (0.017)	0.017 (0.017)	0.018 (0.016)	0.018 (0.016)	0.001 (0.009)	0.003 (0.009)	0.003 (0.009)	0.003 (0.008)
$nfa_{i,t-1}^{risky}$	0.000 (0.002)	0.000 (0.002)	0.000 (0.002)	0.000 (0.002)	-0.008 (0.012)	-0.008 (0.012)	-0.008 (0.012)	-0.008 (0.012)	-0.027* (0.014)	-0.029* (0.015)	-0.029* (0.015)	-0.031** (0.015)
$CA_{i,t-1}$	0.107*** (0.036)	0.107*** (0.037)	0.103*** (0.037)	0.096*** (0.034)	0.051 (0.032)	0.049 (0.031)	0.055* (0.033)	0.052 (0.033)	0.035 (0.046)	0.028 (0.048)	0.029 (0.047)	0.041 (0.061)
Δf_t		0.002* (0.001)	0.002** (0.001)	0.002** (0.001)		0.006*** (0.002)	0.006*** (0.002)	0.007*** (0.002)		0.012*** (0.003)	0.013*** (0.003)	0.011** (0.004)
$nfa_{i,t-1} \times \Delta f_t$			-0.001 (0.002)				0.003** (0.001)				0.002 (0.005)	
$nfa_{i,t-1}^{safe} \times \Delta f_t$				-0.002 (0.002)				0.004 (0.003)				0.003 (0.009)
$nfa_{i,t-1}^{risky} \times \Delta f_t$				0.003** (0.001)				0.004 (0.003)				-0.011 (0.017)
$CA_{i,t-1} \times \Delta f_t$				0.006 (0.015)				-0.004 (0.011)				0.028 (0.044)
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	372	372	372	372	692	692	692	692	486	486	486	486
R^2	0.656	0.665	0.667	0.685	0.502	0.509	0.510	0.510	0.574	0.594	0.594	0.596
R_{CS}^2	0.631	0.619	0.622	0.644	0.518	0.515	0.516	0.516	0.593	0.588	0.588	0.591
R_{TS}^2	0.795	0.914	0.911	0.908	0.218	0.394	0.395	0.395	0.373	0.690	0.690	0.690
ω_{CS}	0.844	0.844	0.844	0.844	0.947	0.947	0.947	0.947	0.925	0.925	0.925	0.925
$var(\pi_{US,t} - \pi_{I,t})$	0.000	0.000	0.000	0.000	0.003	0.003	0.003	0.003	0.004	0.004	0.004	0.004

Notes: See notes to Table 3 in the text. $\pi_{US,t} - \pi_{i,t}$ is the U.S.-local inflation differential.

Table 5: Regression of annual changes in the real exchange rate on the GFC factor over the 1996-2018 period. Countries with a relatively closed capital account and either a pegged or a floating exchange rate. Emerging and Developing countries only.

	Pegged and Closed				Float and Closed			
	$\Delta rer_{i,t}$				$\Delta rer_{i,t}$			
	(1p)	(2p)	(3p)	(4p)	(1f)	(2f)	(3f)	(4f)
$\Delta rer_{i,t-1}$	0.214*** (0.068)	0.207*** (0.068)	0.207*** (0.067)	0.216*** (0.069)	0.132*** (0.031)	0.107*** (0.029)	0.108*** (0.029)	0.109*** (0.029)
$\pi_{i,t-1}$	-0.068 (0.113)	-0.056 (0.108)	-0.056 (0.106)	-0.051 (0.110)	-0.089*** (0.031)	-0.091*** (0.031)	-0.090*** (0.030)	-0.090*** (0.031)
$\pi_{USA,t-1}$	-0.317 (0.466)	-0.775 (0.689)	-0.684 (0.671)	-0.702 (0.687)	0.220 (0.313)	-0.552* (0.297)	-0.573* (0.297)	-0.584* (0.298)
$g_{i,t-1}$	-0.097 (0.111)	-0.063 (0.108)	-0.076 (0.104)	-0.092 (0.120)	-0.036 (0.057)	-0.026 (0.056)	-0.027 (0.056)	-0.027 (0.056)
$g_{USA,t-1}$	0.456 (0.280)	0.551 (0.340)	0.544 (0.341)	0.599 (0.373)	0.495*** (0.157)	0.652*** (0.170)	0.657*** (0.171)	0.656*** (0.170)
$nfa_{i,t-1}^{safe}$	0.037 (0.024)	0.030 (0.026)	0.026 (0.026)	0.029 (0.026)	0.000 (0.012)	-0.009 (0.013)	-0.009 (0.013)	-0.008 (0.013)
$nfa_{i,t-1}^{risky}$	0.071*** (0.015)	0.070*** (0.012)	0.052*** (0.018)	0.028 (0.019)	0.087*** (0.028)	0.089*** (0.027)	0.088*** (0.027)	0.088*** (0.027)
$CA_{i,t-1}$	-0.008 (0.039)	-0.009 (0.038)	-0.009 (0.040)	-0.027 (0.045)	-0.107*** (0.038)	-0.094*** (0.035)	-0.092*** (0.036)	-0.097*** (0.037)
Δf_t		-0.012 (0.012)	-0.006 (0.014)	0.005 (0.011)		-0.029*** (0.004)	-0.032*** (0.005)	-0.033*** (0.006)
$nfa_{i,t-1} \times \Delta f_t$			0.022 (0.015)				-0.008 (0.006)	
$nfa_{i,t-1}^{safe} \times \Delta f_t$				0.022 (0.023)				-0.013 (0.008)
$nfa_{i,t-1}^{risky} \times \Delta f_t$				0.061*** (0.017)				-0.012 (0.018)
$CA_{i,t-1} \times \Delta f_t$				-0.023 (0.026)				0.024 (0.027)
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	211	211	211	211	1201	1201	1201	1201
R^2	0.457	0.467	0.473	0.487	0.146	0.177	0.178	0.178
R_{CS}^2	0.417	0.399	0.404	0.418	0.169	0.164	0.165	0.167
R_{TS}^2	0.426	0.495	0.504	0.519	0.081	0.198	0.197	0.195
ω_{CS}	0.662	0.662	0.662	0.662	0.708	0.708	0.708	0.708
$var(rer)$	0.005	0.005	0.005	0.005	0.011	0.011	0.011	0.011

Notes: See notes to Table 3 in the text. $\Delta rer_{i,t}$ is the year-over-year change in the real exchange rate (LCU/USD) in country i from year t-1 to year t.

Table 6: Regression of annual changes in the real exchange rate on the GFC factor over the 1996-2018 period. Countries with a relatively open capital account and either a pegged or a floating exchange rate. Emerging and Developing countries only.

	Pegged and Open				Float and Open			
	$\Delta rer_{i,t}$				$\Delta rer_{i,t}$			
	(1c)	(2c)	(3c)	(4c)	(1o)	(2o)	(3o)	(4o)
$\Delta rer_{i,t-1}$	0.372*** (0.035)	0.388*** (0.040)	0.387*** (0.040)	0.389*** (0.044)	0.188*** (0.069)	0.161** (0.073)	0.161** (0.073)	0.152** (0.074)
$\pi_{i,t-1}$	0.036 (0.120)	-0.005 (0.115)	-0.009 (0.111)	-0.013 (0.104)	-0.702*** (0.179)	-0.663*** (0.181)	-0.664*** (0.181)	-0.642*** (0.181)
$\pi_{USA,t-1}$	-0.041 (0.289)	-0.218 (0.241)	-0.233 (0.234)	-0.205 (0.235)	1.727*** (0.517)	0.546 (0.501)	0.568 (0.513)	0.595 (0.517)
$g_{i,t-1}$	0.015 (0.028)	0.014 (0.031)	0.013 (0.029)	0.011 (0.029)	-0.390** (0.156)	-0.364** (0.150)	-0.362** (0.149)	-0.347** (0.146)
$g_{USA,t-1}$	-0.130 (0.256)	-0.090 (0.232)	-0.086 (0.234)	-0.121 (0.251)	0.027 (0.373)	0.286 (0.375)	0.254 (0.381)	0.246 (0.398)
$nfa_{i,t-1}^{safe}$	-0.010** (0.005)	-0.010** (0.005)	-0.011** (0.006)	-0.010** (0.005)	-0.030** (0.015)	-0.042** (0.017)	-0.046*** (0.017)	-0.049*** (0.016)
$nfa_{i,t-1}^{risky}$	0.011* (0.006)	0.011* (0.006)	0.013* (0.007)	0.012* (0.006)	0.014 (0.021)	0.022 (0.022)	0.022 (0.022)	0.022 (0.023)
$CA_{i,t-1}$	-0.066 (0.040)	-0.055 (0.037)	-0.054 (0.035)	-0.046* (0.028)	-0.157** (0.078)	-0.126 (0.085)	-0.112 (0.090)	-0.127 (0.084)
Δf_t		-0.011* (0.006)	-0.011* (0.007)	-0.017** (0.008)		-0.036*** (0.006)	-0.030*** (0.006)	-0.046*** (0.009)
$nfa_{i,t-1} \times \Delta f_t$			0.002 (0.003)				0.013** (0.006)	
$nfa_{i,t-1}^{safe} \times \Delta f_t$				0.008* (0.005)				0.038*** (0.012)
$nfa_{i,t-1}^{risky} \times \Delta f_t$				-0.012** (0.005)				-0.040 (0.026)
$CA_{i,t-1} \times \Delta f_t$				0.024 (0.034)				0.020 (0.049)
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	254	254	254	254	469	469	469	469
R^2	0.307	0.326	0.327	0.336	0.219	0.270	0.275	0.288
R_{CS}^2	0.317	0.326	0.329	0.338	0.270	0.259	0.263	0.269
R_{TS}^2	0.251	0.283	0.281	0.288	0.129	0.328	0.337	0.370
ω_{CS}	0.655	0.655	0.655	0.655	0.717	0.717	0.717	0.717
$var(rer)$	0.003	0.003	0.003	0.003	0.012	0.012	0.012	0.012

Notes: See notes to Table 3 in the text. $\Delta rer_{i,t}$ is the year-over-year change in the real exchange rate (LCU/USD) in country i from year t-1 to year t.