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# Does Monetary Policy in Advanced Economies Have Differentiated Effects on Portfolio Flows to Emerging Economies?

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**Abstract:** This work analyzes whether monetary policy in advanced economies has differentiated effects on portfolio flows towards emerging economies coming from the US, the Euro Area and the UK. The results show the following: First, portfolio flows' response to US monetary policy events is vastly homogeneous across regions, whilst the reaction to Euro Area or UK policies are more diverse. Second, US policies have a bigger effect on portfolio flows from each of the selected advanced economies. Third, the magnitude of investors' responses is stronger towards Emerging Europe and Latin America than to Emerging Asia. These results could be useful for policymakers in emerging economies as a benchmark to anticipate differentiated effects in portfolio flows caused by monetary policy in advanced economies.

**Keywords:** Emerging Markets, Foreign Portfolio Investment, Monetary Policy Announcements

**JEL Classification:** E52, F21, F62, G10

**Resumen:** El trabajo analiza si la política monetaria implementada en las principales economías avanzadas tiene efectos diferenciados sobre los flujos de cartera hacia economías emergentes, provenientes de inversionistas domiciliados en Estados Unidos, la zona del euro y el Reino Unido. Los resultados muestran lo siguiente. Primero, la respuesta de los flujos de cartera ante anuncios de política monetaria de Estados Unidos es muy homogénea entre regiones, mientras que las respuestas a anuncios de política en la zona del euro y del Reino Unido son más diversas. Segundo, los anuncios de política de Estados Unidos tienen efectos mayores en los flujos provenientes de cada una de las economías avanzadas consideradas. Tercero, la magnitud en las respuestas de los inversionistas es mayor hacia Europa Emergente y Latinoamérica que en Asia Emergente. Estos resultados pueden ser de utilidad para los responsables de política económica en economías emergentes como un referente para anticipar los efectos diferenciados en los flujos de cartera originados por la política monetaria en economías avanzadas.

**Palabras Clave:** Mercados Emergentes, Inversión de Cartera Extranjera, Anuncios de Política Monetaria

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# 1 Introduction

Foreign portfolio flows to emerging market economies (EMEs) increased dramatically after the global financial crisis. Researchers have attributed such phenomena to a search for yield behavior by investors facing very low interest rates and higher global liquidity due to the implementation of unconventional monetary policy measures (UMPs) in advanced economies. As a result, the literature analyzing capital flows became relevant. A fraction of these works reprise the approach from previous studies ([Calvo et al. \(1993\)](#), [Fernandez-Arias \(1996\)](#), [Taylor and Sarno \(1997\)](#), [Montiel and Reinhart \(1999\)](#) and [Baek \(2006\)](#) among others) and focus their efforts in identifying the determinants of capital flows to EMEs. In general, these studies find that both internal (or pull) as well as external (or push) factors are significant determinants of the entry of foreign capital into EMEs. In particular, [Cerutti et al. \(2015\)](#) confirm that external shocks have the same effect on gross inflows across countries, but that the magnitude of the impact differs among them. Moreover, when contrasting portfolio versus other types of flows the authors found that the first have a strong co-movement, while it is not so high for other flows like foreign direct investment or banking flows (see also [Byrne and Fiess \(2011\)](#), [IMF \(2011\)](#), [IMF \(2012\)](#), [Fratzscher \(2012\)](#), [Lo Duca \(2012\)](#), [Bowman et al. \(2014\)](#) and [Ahmed and Zlate \(2014\)](#)).

Other fraction of the literature studies the impact of the implementation and termination of UMPs, specifically in the US, on portfolio flows to EMEs; as well as the effects of monetary policy normalization. For example, [Moore et al. \(2013\)](#) shows that the fall in long-term interest rates produced by large-scale asset purchases (LSAP) pushed foreign capital towards EMEs and reduced their sovereign yields. Moreover, the authors highlight that such phenomena could have undesired effects by the time the Federal Reserves normalizes its monetary stance. [Lim et al. \(2014\)](#) found that the quantitative easing programs (QE) have had an important role in the dramatic upswing of capital inflows in EMEs after the financial crisis, but that the size of the impact depended on the type of flow. [Dahlhaus and Vasishtha \(2014\)](#) attempted to measure the impact of monetary policy normalization in the US. These authors found that it would have a small negative effect on portfolio flows, but the size of such impact differed across countries.

Within such works, some authors find a certain degree of heterogeneity in the response of portfolio flows to external and internal shocks. For example, [Fratzscher \(2012\)](#) shows that portfolio flows across EMEs diverged quite significantly during the financial crisis and attributes such differences to the particular challenges faced by each individual country at that time. [Moore et al. \(2013\)](#), [Sahay et al. \(2014\)](#) and [Ahmed and Zlate \(2014\)](#) conclude that the magnitude of the effect of QE1 and QE2 on capital flows to EMEs depend on specific country characteristics. [Fratzscher et al. \(2016\)](#) argues that the effects of the QE programs had differentiated effects for capital flows.

In one hand, during the QE1 there was a flight to safety as capitals poured into the US. On the other hand QE2, and to a lesser extent QE3, resulted in a significant increase of portfolio flows to EMEs, in what could be described as the search for yield given the extremely low level of US interest rates. [Hernandez-Vega \(2017a\)](#) shows that the null hypothesis of slope homogeneity is rejected in a panel of 17 EMEs at all significance levels, suggesting that capital flows may react differently to pull and push factors across countries.

More recent works study the spillovers effects of UMPs to individual countries. For instance, [Park and Um \(2016\)](#) find significant spillovers of US UMPs on the Korean bond market as well as net foreign investment, and conclude that Korea is not considered a safe heaven. Using a new high frequency dataset on bonds and equity in Mexico, [Hernandez-Vega \(2017b\)](#) concludes that there is an important effect of monetary policy announcements on foreign inflows, but with marked differences between these two assets. He also finds evidence in favor of the hypothesis that inflows may react with a lag of up to five days after a monetary event takes place; particularly in the case of bond flows.

In summary, the literature has pointed out that US UMPs have affected portfolio flows distinctly, and that each measure by itself had a different impact, at least in magnitude, across EMEs. Nevertheless, such results may not reflect the entire picture, mainly because only US UMPs have been analyzed despite the fact that the euro area (EA), the UK and Japan have also draw on similar measures possibly affecting domestic investors' strategies in EMEs.

The objective of this work is to analyze if monetary policy in advanced economies has had differentiated effects on portfolio flows from a set of advanced economies (US, EA and UK) towards EMEs. This is done in two ways: First, by looking at the response of portfolio flows from a certain developed economy (also refer to as source country) to monetary policy event in that same country (also refer to as domestic monetary policy in the paper). For example, the response of US flows to Emerging Asia (E-Asia), Emerging Europe (E-Europe) and Latin America (Latam) after a monetary policy announcement is made by the Federal Reserve. Second, by analyzing how portfolio flows from a source country to each emerging region react to monetary measures implemented in other advanced economies (also refer to as foreign monetary policy). For instance, how flows from US were affected by euro area or UK monetary actions. In this sense, this work follows [Fratzscher et al. \(2016\)](#) by taking the perspective of an investor but extends their analysis by including monetary policy events not only in US, but also in the euro area and the UK.

The results show investors from the US, the EA and the UK responded mostly in the same way to US monetary policy events. For example, events related to the second quantitative easing program motivated investors to rise bonds (equity) flows to all emerging regions, whilst the taper

tantrum made all investors to withdraw resources from all regions. The only difference in the response of investors to US policies was the amount injected in or withdrawn from each region. For instance, as percentage of assets under management, Emerging Europe and Latin America saw bigger movements of capital relative to those seen in Emerging Asia. One possible reason for such homogeneous responses to US monetary policy is herding, which according to the literature usually plays an important role explaining analogous investment decisions; i.e. given the strong influence that the US has globally, it is not surprising that its policies significantly motivate investors to follow each other closely.

In turn, investors' responses to monetary policy events in other advanced economies (EA and UK) were mixed: In one side, US and EA bond investors' response to UK policies were practically similar as it was the case with that of US and EA equity investors to EA and UK policies. In the other side, the responses of US, EA and UK bond investors as well as those of UK equity investors to EA policies were mostly different.

A quite unexpected result was the surprisingly different response of UK bond and equity investors to UK policies from that of US and EA ones. This work posits as possible explanation the timing in which these policies were announced, and the possibility that UK investors changed their geographical investment mandate after the crises reducing flows to EMEs. Of course these may have not been the only factor affecting UK investors' decision to pull out from EMEs, but finding a definite explanation goes beyond the scope of this article.

These findings suggest that after a US monetary policy event, there is a high probability for portfolio flows in EMEs to react in the same way. When policies come from other advanced economies, however, their response could be different. In addition, US policies have bigger effects on flows than those from EA and UK. Finally, the results show that investors response to monetary policy events is stronger in E-Europe and Latam than in E-Asia; probably because other factors, such as investors preferences (in the case of bonds) or particular expectations for firms' profits (in the case of equity), could be relevant for investors' decisions. These results could be useful for policymakers in EMEs as a benchmark to anticipate differentiated effects in portfolio flows caused by monetary policy in advanced economies.

The article is organized as follows: the next section describes the data and the monetary policy events used in the analysis. The methodology is detailed in the third section. The fourth section shows the results. The fifth section concludes.

## 2 Flows Data and Monetary Policy Events

After the financial crisis, there was a significant upsurge of portfolio flows to EMEs supporting the idea that these countries became very attractive for foreign investors searching for a higher yields (Figure 1). In particular, EMEs resilience to the financial crisis; historically low interest rates in advanced economies; and a significant increase of global liquidity have been considered among the main factors for such important upsurge in portfolio flows. This period of important capital inflows lasted up to the second half of 2014, when oil prices plummeted deteriorating EMEs' financial conditions and economic outlook. In addition, events such as the referendum in the UK in favor of leaving the European Union (Brexit) and the presidential elections in the US increased concerns regarding the implementation of protectionist measures that resulted in episodes of high volatility in international financial markets, thus negatively affecting portfolio inflows.<sup>1</sup>

Recently, most of the recent literature studying portfolio flows prefer the use of high frequency data when assessing the impact of UMPs. One, if not the most, popular dataset containing high frequency information on portfolio flows is the one provided by Emerging Portfolio Fund Research (EPFR hereafter). EPFR gathers information on more than 23,000 equity funds and more than 18,000 bond funds across a vast sample of advanced and emerging economies. Note that EPFR tracks more equity than bond funds. Hence, one important difference with respect to Balance of Payments data is that in the former equity flows could be significantly higher than bond flows.

Jotikasthira et al. (2012), Fratzscher (2012) and Fratzscher et al. (2016) state that although its coverage is only between 5 to 20 percent of the total portfolio investment captured in the Financial Account, EPFR data correlate quite well with that in the Balance of Payments. For instance, EPFR data also shows an important upturn in foreign portfolio flows in EMEs since July 2009 (Figure 2).

One caveat to keep in mind about EPFR data is that in the initial years for which flows to EMEs are available (2004), they mainly captured the position of funds located in the US. Since 2009, however, EPFR has been broadening their sources to include more funds located in other countries; although US investors still are the most important source of debt and equity flows in EMEs (Figures 3 and 4).

Looking at portfolio flows from advanced economies to EMEs, it appears that investors within the same country do not differentiate among emerging regions. For example, US bond investment from the US moves identically in E-Asia, E-Europe and Latam; situation that also occurs in bond flows from the euro area and the UK (Figure 5). Note that bond flows from EA and UK accelerated since 2016 and 2017 respectively. Among the factors contributing to such recovery we

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<sup>1</sup>See Fratzscher (2012), Chen et al. (2014) and Fratzscher et al. (2016) for more details on how portfolio flows behave in this periods.

have: First, detailed and clear communication by the Federal Reserve regarding its normalization process, which kept volatility risks low and contributed to a decline in the US dollar. Second, commodity prices recovered improving external balances in commodity exporting EMEs. Third, China GDP stabilized at a higher than expected value in 2017. Fourth, more optimistic global growth expectations improved risk appetite and encouraged investors to switch towards riskier assets.

In contrast, the data suggest that equity investors may sometimes invest differently between EMEs. For example, EA investors kept on rising investment in E-Asia from the second half of 2014 up to mid-2015 while reducing it in E-Europe and Latam (Figure 6). It is important to highlight that UK investors have mostly pull out from EMEs equity since 2015, probably due to internal factors.

As shown by [Dahlhaus and Vasishtha \(2014\)](#), when using EPFR data the main difference in portfolio flows across countries within a specific region is the amount received by each individual country, but inflows behavior is quite similar among them. Hence, in this work we left aside the study of individual countries and focus our result to contrast portfolio flows into each region.

The analysis uses a sample of 17 EMEs classified in three groups: Emerging Asia (India, Indonesia, Israel, Korea, Malaysia, Philippines and Thailand), Emerging Europe (Hungary, Poland, Russia, South Africa and Turkey) and Latin America (Brazil, Chile, Colombia, Mexico and Peru) denoted E-Asia, E-Europe and Latam, respectively.<sup>2</sup>

Weekly EPFR data on bonds and equity are differentiated by the domicile of the investor, i.e. for each EME, there will be information on inflows from US, EA and UK investors. Hence, the objective of this work is to contrast the response of flows from different countries towards EMEs to a set of monetary policy events in advanced economies. The data source is EPFR and the period of analysis goes from July 2009 up to the second week of October 2017.

As mentioned above, an important caveat about EPFR data is that flows from the US represent a significant majority of all flows to EMEs. However, this is not the only issue to be taken into account, but also changes in the number and size of the reporting funds overtime. This usually leads to higher or lower flows in EMEs unrelated to any financial or economic development (such as the monetary policy events used in this work). Hence, it is necessary to control not only for changes in the number of funds included in EPFR's dataset in every period of time, but also for the size of US funds in the data. In this sense, this works follows [Fratzscher \(2012\)](#) and [Fratzscher et al. \(2016\)](#) by expressing flows as percent of total assets under management (AUM); i.e., weekly

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<sup>2</sup>Other EMEs were left out either due to their role as financial centers (Hong-Kong and Singapore), or because of lack of data.

bond and equity flows to each emerging economy from any country source will be expressed as percentage of the value of all assets invested in that country.

Finally, the analysis includes a set of variables representing pull and push factors that are frequently used in the capital flows literature. Among pull factors are the nominal exchange rate against the US dollar; country-specific stock indices and EMBIs; short-term interest rates and 10-year local currency denominated government bond yields or US dollars' denominated 10-year government bonds when no information on the first was available. Push factors, include US 3-month OIS rate; EA 3-month swap OIS rate; UK 3-month libor rate; the VIX index as proxy for global risk aversion and WTI oil prices.<sup>3</sup>

## 2.1 Monetary Policy Events

This work considers a broader set of monetary policy actions by including not only those implemented in the US, but also those in the euro area and the UK. Note that in contrast to the actions in these last two, the US finished its easing cycle and began normalizing its monetary policy stance during the period of analysis.<sup>4</sup>

In the case of the US, expansionary monetary policy measures included are: The second quantitative easing program (QE2), which started in the third quarter of 2010, with the objective to support economic recovery. This was followed by forward guidance announcements (FG), during the third and the first quarters of 2011 and 2012 respectively, directed to convey the message that the Federal Reserve will keep interest rates at a lower level. Similarly, in the third quarter of 2011 operation twist (OT) was announced with the purpose to boost economic activity and was extended in the second quarter of 2012. Finally, and with the same objective as the previous programs, the third quantitative easing program (QE3) was established in 2012. On the other hand, tightening actions comprehend: The taper tantrum episode (Taper) that took place in mid-2013 and which led to a spike of volatility in financial markets; and the first four rate hikes made by the Federal Reserve since the last quarter of 2015, as part of the normalization of the monetary policy stance.

For the euro area, we include declarations made by the European Central Bank (ECB) in relation with the second Covered Bond Purchase Programmes (CBPP2) implemented in 2011. The introduction of forward guidance (FG\_EA) in 2013 by the ECB. The commitment by the ECB to use conventional and unconventional tools (denoted as PQE hereafter) to deal with persistent low inflation in 2014. The third CBPP program (CBPP3) implemented in the last quarter of 2014. The

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<sup>3</sup>Data obtained from Bloomberg, OECD and Haver Analytics. Summary statistics are shown in Tables A.1 to A.7 in the Appendix A.

<sup>4</sup>Timing and details regarding the monetary policy events included in the analysis are shown in Tables B.1 to B.3 in Appendix B.

first Targeted Longer-Term Refinancing Operations (TLTRO1) announced in 2014 and extended in early 2015 to motivate lending in the euro area. The Public Sector Purchase Programme (PSPP) in 2015 that allowed the ECB to acquire nominal and inflation-linked government bonds. Lastly, the second Targeted Longer-Term Refinancing Operations (TLTRO2) in early 2016.

Regarding UK monetary policy actions we use Bank of England's first Asset Purchase Facility program (APF1) implemented in 2009; the second Asset Purchase Facility program (APF2) that began in 2011 and was extended twice in 2012; and the Term Funding Scheme in 2016 (TFS).

### 3 Methodology

As shown in Figures 5 and 6, there is a very high correlation in bond/equity inflows between countries within the same region, particularly when these inflows come from the same source country. Thus, should any differences in the behavior of foreign portfolio investment exist they could be observed by making a comparison across regions. First, this is carried out as follows: Let  $i = 1, \dots, I$  stand for all countries in region  $k = 1, 2, 3$  (representing E-Asia, E-Europe and Latam); and let  $j = \text{US, euro area (EA) and UK}$ . Then, we analyze the impact of monetary policy events implemented in country  $j$  on flows from this same  $j$  to each  $k$  and contrast the results across  $k$ . This is achieved by estimating a panel event study analysis specified as:

$$Y_{i,k,t}^j = \alpha_i + UMP^j \beta_k^j + X_{t-1} \psi_k + u_{i,k,t}^j \quad (1)$$

Where  $Y_{i,k,t}^j$  represents weekly bonds/equity inflows as percent of AUM to country  $i$  in region  $k$  at time  $t$  from investors domiciled in country  $j$ .  $\alpha_i$  captures country fixed effects.  $UMP^j$  is a  $T \times N$ , matrix where  $n = 1, \dots, N$  stands for each monetary policy announcement made in country  $j$ .  $X_{t-1}$  is a  $T \times M$  matrix of pull and push factors introduced with a lag to avoid endogeneity problems. Among the first, we include the percentage change in the exchange rate and the short-run interest rate differentials between the emerging economy  $i$  and the source country  $j$  in the regressions for bonds, and the stock market index in the regressions for equity. For the second, we use the VIX index as a proxy of global risk and the percentage change in WTI oil prices.  $\beta_k^j$  is a  $N \times 1$  vector whose each element represents the response of flows from country  $j$  to emerging region  $k$  to the  $n$ th monetary measure implemented in  $j$ .  $\psi_k$  is a  $M \times 1$  vectors of constants accounting for the impact of pull and push factors. Lastly,  $u_{i,k,t}^j$  is the error term.

Since EPFR weekly portfolio flows data represent inflows to country  $i$  from investors domiciled

in  $j$  accumulated from Thursday to Wednesday, the timing of the announcements becomes relevant when estimating the response of bond and equity inflows. In the US, the Federal Reserve often announces their policy stance on a Wednesday. Considering the time difference with E-Asia and E-Europe, as well as with some Latam countries, it is reasonable to think that investors' response would be observed on Thursday. As a result, we assigned the value of 1 to each element in  $UMP^{US}$  on the week following each announcement. For example, the first taper announcement occurred on Wednesday May 22, 2013, by the above convention the variable representing this event would be equal to one on the week that begins on May 23 and ends on May 29, 2013.

In turn, a different approach is taken in the cases of the euro area and the UK. In these countries, the announcements take place on Thursdays. Given that by the time of each event it is late Thursday in Asia and early Thursday Latin America, we assigned the value of 1 to each element in  $UMP^{EA}$  and  $UMP^{UK}$  on that same week in which the event occurred.

In this first stage the main focus is to contrast each element in  $\beta_k^j$  across EMEs regions. Note that each element in the above vectors represents the reaction of portfolio inflows as percent of AUM from country  $j$  to region  $k$  to event  $n$  in  $j$ . For example, let  $\beta_{k,n}^j$  represent the  $n$ th element in the vector  $\beta_k^j$  and let  $j = US$  and  $k = E - Asia$ . Now, assuming is  $\beta_{E-Asia,n}^{US} > 0$  this implies that the  $n$ th monetary policy event in the US led to an increase in inflows from this country to E-Asia. If  $k = E - Europe$  and  $\beta_{E-Europe,n}^{US} < 0$  this same event decreased US flows to E-Europe. As a result, it can be said that the  $n$ th event motivated US investors to increase investment in E-Asia and to reduce it in E-Europe.

Second, for all source countries  $j$  and all emerging regions  $k$  we estimate the impact of policies implemented in source country  $l \neq j$  on flows from  $j$  to  $k$  with the following model:

$$Y_{i,k,t}^j = \alpha_i + UMP^j \beta_k^j + UMP^l \gamma_k^{j,l} + UMP^p \delta_k^{j,p} + X_{t-1} \psi_k + u_{i,k,t}^j \quad (2)$$

Where as before  $Y_{i,k,t}^j$  represents weekly bonds/equity inflows as percent of AUM to country  $i$  in region  $k$  at time  $t$  from investors domiciled in country  $j$ .  $UMP^l$  and  $UMP^p$  are  $T \times G$  and  $T \times D$  matrices with  $g = 1, \dots, G$  and  $d = 1, \dots, D$  standing for each monetary policy announcement made in country  $l$  and  $p$  respectively.  $\gamma_k^{j,l}$  and  $\delta_k^{j,p}$  are  $G \times 1$  and  $D \times 1$  vectors of constants representing the response of investment from country  $j$  to region  $k$  to policies implemented in source countries  $l$  and  $p$  respectively.  $\beta_k^j$  and  $\psi_k$  are defined as above and  $u_{i,k,t}^j$  is the error term.

Thus, for  $j = US$ ,  $l = EA$ ,  $k = E - Asia$  and event  $g$  if  $\beta_{E-Asia}^{US,EA} > 0$  then such event in the euro area led US investors to augment portfolio flows in E-Asia. If  $k = Latam$  and  $\beta_{Latam}^{US,EA} < 0$  then this same event led to a flow retrenchment from Latam. Hence, we can say that US investors rose flows

to E-Asian after a monetary policy announcement in the euro area, but that this event led to a fall in those to Latam.

## 4 Results

This section discusses the results. It begins by contrasting the impact of monetary policy measures in source country  $j$  on flows from this economy to each emerging region (equation 1). Then, it analyzes how monetary policy in one source country affects flows from other sources to each emerging region (equation 2). At this point it may be convenient to remember that the purpose of the article is to identify differences, if any, in the responses of portfolio investment towards EMEs to monetary policy events in advanced economies, and it is not to find their determinants.

### 4.1 US Monetary Policy and US Investment in EMEs

Before discussing the response of US investment in EMEs' bond and equity instruments to monetary measures in the US, it is important to highlight that in this particular case the monetary events comprehend not only the implementation and extension of expansionary measures, which involve the quantitative easing programs, forward guidance and operation twist; but also contractionary ones such as the taper tantrum and the normalization of the policy rate.

Regarding US expansionary measures, the results show that QE2 had a significant positive effect in US bond flows to all emerging regions (see Table 1 columns 2 to 4). As a percentage of AUM, Latam saw the biggest inflow of US flows followed by E-Europe and E-Asia. A surprising result is that OT announcements actually led to a retrenchment of US investment in EMEs' bonds. This can be explained by the fact that OT consisted on the Federal Reserve acquiring long-term assets and selling short-term ones, which was taken by investors as a signal of future higher long-term yields in the US reducing the demand for EMEs' assets. Forward guidance had, in general, the expected results by boosting US bond inflows; particularly during the second time the Federal Reserve confirmed that interest rates were to be kept at very low levels (FG\_2). Lastly, the implementation of QE3 did motivate US investors to increase their demand for EMEs' bonds, being E-Europe the region that saw flows rising more, as percentage of AUM, followed by Latam and E-Asia. The extension of this program (QE3\_2) increased flows to E-Europe only.

Looking at the response of US bond investors to contractionary policies (Table 1 columns 5 to 7) the results show that the taper tantrum episode had a significant adverse effect on US investment to EMEs; particularly, in E-Europe. Similarly, the first two rate hikes implemented by the Federal

Reserve led to a retrenchment of US bond flows from all emerging regions. On the other hand, the third rise in the policy rate shows a positive significant effect on US investment in EMEs. Two possible factors may help explain this response: First, by the time this rise took place (March 2017) volatility in international financial markets and uncertainty about the normalization process have receded. Second, a stronger than expected recover of the global economy; lower political uncertainty in the euro area; and expectations that interest rates will remain low in advanced economies, together with still ample liquidity, led investors to believe that lower financial costs would remain short for some time. These factors could have motivated investors to search for higher yields increasing the demand for EMEs' bonds. Finally, the fourth rate hike had no significant effect in E-Asian and E-Europe and a relatively smaller negative impact on Latam when compared to the initial interest rate hikes.

Now, with respect to US investment in EMEs' equity instruments the results are mostly similar to those for bonds (qualitatively speaking), but with some differences. First, the hint about extending the second quantitative easing program (QE2\_2) had no significant effects. Second, the implementation of Operation Twist (OT\_1) drove US investment towards all emerging regions, whilst its extension (OT\_2) led to a retrenchment. Third, extending the third quantitative easing program (QE3\_2) had a positive significant effect only on US flows to E-Asia and E-Europe. Lastly, the fourth rate hike had a negative effect on US flows to E-Europe only (see Table 1 columns 5 to 7).

## **4.2 EA Monetary Policy and EA Investment in EMEs**

Regarding euro area investment in EMEs' bonds, the results suggest that the implementation of the second Covered Bond Purchase Program (CBPP2) had no significant impact, except for flows to E-Europe which rose after the technicalities of this program were announced by the ECB. In turn, the forward guidance statement on July 2013 had a negative effect on euro area bond flows to all emerging regions. Such result appears to be counterintuitive given that the main message was that interest rates were to be kept low or go lower for an extended period of time. However, it is important to take into account that by the time the ECB gave such announcement financial markets were still immerse in the taper tantrum episode characterized by the flight-to-quality phenomena<sup>5</sup>. Lastly, euro area bond flows to E-Asian and E-Europe increased after other policy events such as the quantitative easing statement, the third CBPP and the two TLTRO programs (TLTRO1, TLTRO2), whilst those to Latam show no significant reaction. Finally the Public Securities Purchase

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<sup>5</sup>The flight-to-quality phenomena takes place when there is a significant sale off of what investors consider risky assets and begin to buy safer ones. In this particular case, a risky asset is an emerging market bond and a safe assets is a US Treasury.

Program (PSPP) increased flows to E-Europe only (see Table 2 columns 2 to 4).

On the other hand, apart from the negative impact of the forward guidance event, and the positive effect of the first TLTRO; the response of euro area equity investment in EMEs differ from that of bond investment. In particular, the CBPP3, PSPP and TLTRO2 had significant negative effects on equity flows (see Table 2 columns 5 to 7). Finding a definite explanation so as to why these differences came up is somewhat difficult; mainly because equity flows can be influenced not only by foreign or domestic economic shocks, but also by specific shocks affecting corporations: for example, euro area investors could have withdrawn from E-Asia equity because they thought corporations in the region would not be as profitable as before; or due to herding behavior among investors (see [Lakonishok et al. \(1992\)](#) and [Sias \(2004\)](#) among others).

### **4.3 UK Monetary Policy and UK Investment in EMEs**

With respect to the impact of UK monetary policy measures, the results show that most of them led to a withdrawal of UK investors from EMEs' bonds with the exception of the increase in the Asset Purchase Facility on February 2012, which had a positive impact in all regions, and a rise of UK investment in Latam after the Term Funding Scheme was implemented (see Table 3 columns 2 to 4). One possible contributing factor for these mixed results is the timing in which such measures were announced (see Table B.3). For instance, the first two increases in the APF occurred in the last half of 2009 when financial markets were still recovering from the crisis and uncertainty was still relatively high. The third APF rise was announced on October 2011 just over a month after the Federal Reserve implemented OT. As this was taken as a sign of higher long-term yields, UK investors could have been substituting EMEs bonds from US Treasuries. The fourth APF modification took place on February 2012. At that time there was an improvement in financial markets mainly because of a better US economic outlook. Also, the last AFP increase was close to the extension of OT in the US helping to explain again the observed negative sign.

The response of UK equity flows to EMEs was somewhat different than the one for UK bond flows. In particular, APF announcements increased equity flows to E-Asia and Latam, while bond flows to E-Europe were initially not affected. Finally, the TFS had a negative significant impact on equity flows to E-Asia and E-Europe but a positive one in Latam. Note that, similarly for the case of bonds, the APF announcement in February 2012 had a significant positive effect in UK equity flows to all emerging regions (see Table 3 columns 5 to 7).

## 4.4 Investors' Response to Foreign Monetary Policy

The previous results show how investors domiciled in advanced economies reacted to domestic monetary policy measures. However, policies implemented in other source countries could also have some effect in their investment strategies. At this point is also important to highlight that the response of advanced economies investors to domestic monetary policy measures remain practically unchanged to the inclusion of policy announcements in other source countries.

Looking at US bond investment in EMEs after EA policies, the results show that its response to the CBPP2 was mixed. In one hand, US bond flows to EMEs fell after the first announcement, then those to E-Europe rose after the second with no significant response in the others. Similarly to the response of EA investors, US investors reduced flows to emerging regions after the FG\_EA announcement and increased those to E-Asian and E-Europe after the CBPP3. In contrast, all other policies led to a retrenchment of US bond flows from all emerging regions. In turn, US bond flows mostly increased after UK monetary policy measures; which is a remarkable difference with respect to the mostly negative response from UK investors to these same events (see Table 4 columns 2-4).

US equity investors also had a mixed response to the CBPP2, increasing investment to Latam after the first announcement with no significant response in the other regions. As in the case above, after the FG\_EA announcement US equity flows to all regions fell while those to E-Asia and E-Europe rose after the PQE. US equity investors' response was quite similar to that from EA investors in many cases, falling after the CBPP3 and the PSPP then rising after the first TLTRO. Regarding the second TLTRO, US equity flows increased investment in Latam only. US investors' response to the increases in UK APF was mostly positive for their investment in E-Asia and E-Europe while after the TFS US flows to all regions increased, particularly in E-Europe and Latam (see Table 4 columns 5-7).

Now, EA investors' response to US monetary policy measures was qualitatively similar to that of US investors. In particular, in most cases EA bond and equity flows increased after the announcement of expansionary measures and fell after contractionary measures. The few differences observed are: First, a fall in bond and equity flows from EA to E-Europe and Latam after FG\_1 and OT\_1 respectively. Second, an increase in bond and equity flows after the fourth rate hike. With respect to the response to UK UMPs, the results highlight a mostly positive response from EA bond and equity investors to these measures which, as seen before, is significantly different from that of UK investors (see Table 5).

In the case of UK investors response to US monetary policy, the results are similar to those of EA investors with the exception of a fall in bond flows after the first Operation Twist announce-

ment; and an increase in bond flows to E-Asia and E-Europe after the first taper announcement. Finally, after the first rate hike equity flows to E-Asian and E-Europe increased whilst those to all regions rose after the fourth rate increase (see Table 6). In turn, UK bond and equity investors reacted negatively to most of EA policy announcements, excluding an increase in equity flows to E-Europe and Latam after the second TLTRO (see Table 6).

It is noticeable that bond (equity) investors from all source countries in the analysis responded practically in the same way to US monetary policy events, with only a very few differences. Apart from this, some less general cases were the analogous response of US and EA bond (equity) investors to UK monetary policy and the similarities between US and EA equity investors to EA policies.

The substantial similarities in investors' response to US monetary policy can be the result of herding motivated by the strong influence that this country exerts the global economy and in particular in EMEs. However, it is not clear the weight that EA and UK policies have in investors' decisions. For instance, the surprisingly different response of UK investors from that of US and EA ones to UK policies could have been the result of self-impose regional investment constraints by the firsts; i.e., it may have been that after the financial crisis mutual funds domiciled in the UK decided to change their geographical investment mandate to minimize risk leading to a reduction in investment to EMEs, while US and EA investors did not change their mandate. Of course this may have not been the only factor affecting UK investors' decision to pull out from EMEs; as mentioned above the timing in which these policies were announced could have also played a role.

Regarding the differences in the magnitude of investors' responses to monetary policy events, the results show that these were stronger in E-Europe and Latam; i.e. the estimated parameters are bigger, in absolute value, for this two regions than for E-Asia in most of the cases. One possible explanation is that, as seen in Figures 5 and 6, E-Asia has received more inflows (excluding the dynamics of equity flows from UK which have been negative since the second half of 2015). This could suggest that investors, at least those tracked by EPFR, consider such economies to be less affected by monetary policy events than E-Europe and Latam. Lastly, the results also indicate that investors' responses to US monetary policy announcements were bigger than those to EA or UK policies. As mentioned above this may have been the result of a high influence of the US on international financial markets and the global economy in general.

## 4.5 Robustness Tests

In order to ensure robustness of the above results, two additional econometric techniques are used. First, equation 2 is re-estimated using heteroscedasticity robust standard errors only. Second, we

use [Pesaran and Smith \(1995\)](#) mean group estimator in order to account for slope heterogeneity among countries within each region; note that since this methodology consist on estimating individual equations and computing the mean of the estimated slopes, the estimated parameters could be affected by outliers. In order to correct for it we use [Hamilton \(1992\)](#) robust regression.

In general, the results are quite robust to either of the above specifications. The use of heteroscedasticity robust standard errors only affected the significance of some parameters but no change in signs was observed (see Tables 7 to 9). The results using the mean group estimator were mostly in line with the initial ones, except for the differences in the magnitude of the parameters (see Tables 10 to 12). However, this was expected given the different assumptions respect to the other methodologies.<sup>6</sup>

Finally, the set of pull factors was extended by introducing EMEs government bond yields and Emerging Market Bond Indexes (EMBIIs). As before the results remain vastly unchanged.

## 5 Conclusion

This work contributes to the capital flows literature by analyzing whether monetary policy in advanced economies has had differentiated effects on portfolio flows to emerging market economies (classified in three regions: Emerging Asia, Emerging Europe and Latin America). The analysis is performed by estimating the response of bond and equity flows from the US, EA and UK to monetary policy events in these same countries.

The results show that US monetary policy events led investors from the US, the EA and the UK to react in the same way. For example, events related to the second quantitative easing program motivated an increase of bonds (equity) flows to all emerging regions, whilst the taper tantrum made all investors to withdraw resources from all regions. The only difference in the response of investors to US policies was the amount entered or withdrawn in each group. For instance, as percentage of assets under management, Emerging Europe and Latin America saw bigger movements of capital relative to those seen in Emerging Asia. One possible reasons for investors' similar response to US monetary policy is herding, which according to the literature usually plays an important role explaining analogous investment decisions; i.e. given the strong influence that the US has globally, it is not surprising that its policies significantly motivate investors to follow each other closely.

In turn, investors' responses to monetary policy events in other advanced economies (EA and

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<sup>6</sup>The mean group estimator assumes that the slopes are different across individuals in the panel, whereas in a fixed effects model the assumption is that all individuals have the same slopes (see [Pesaran and Smith \(1995\)](#)).

UK) were mixed: In one side, US and EA bond investors' responses to UK policies were practically similar as it was the case with that of US and EA equity investors to EA and UK policies. In the other, the responses of US, EA and UK bond investors as well as those of UK equity investors to EA policies were mostly different.

Surprisingly, the responses of UK bond and equity investors to UK policies were significantly different from those of US and EA ones. This work posits as one possible explanation the timing in which these policies were announced and that the elevated volatility in financial markets after the crises could have motivated UK investors to change their geographical investment mandate and reduce flows to EMEs. Of course these may have not been the only factor affecting UK investors' decision to pull out from EMEs, but finding a definite explanation goes beyond the scope of this article.

Finally, the results show that investors' response to monetary policy events is stronger in E-Europe and Latam than in E-Asia; probably because other factors such as investors' preferences (in the case of bonds) or particular expectations for firms' profits (in the case of equity) could be relevant for investors' decisions. In addition, US policies have bigger effects on international investors than those from EA and UK. These results could be useful for policymakers in EMEs as a benchmark to anticipate differentiated effects in portfolio flows caused by monetary policy in advanced economies.

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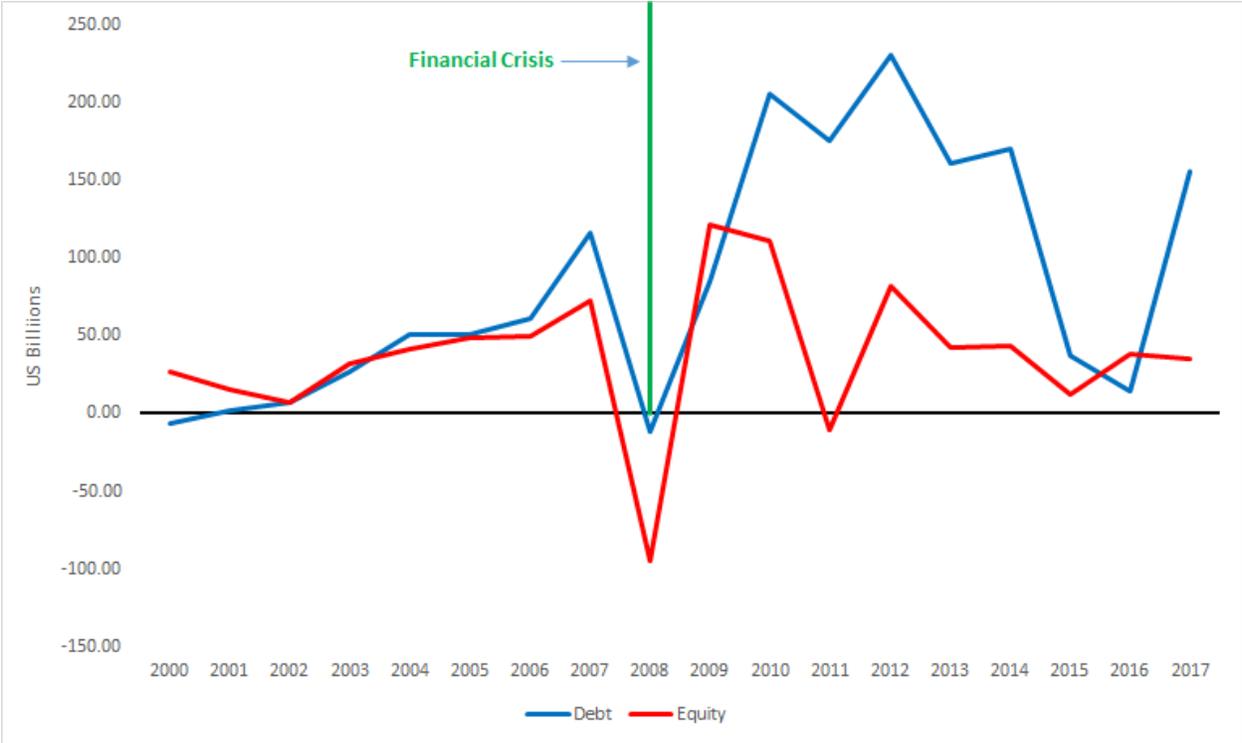
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# 6 Figures and Tables

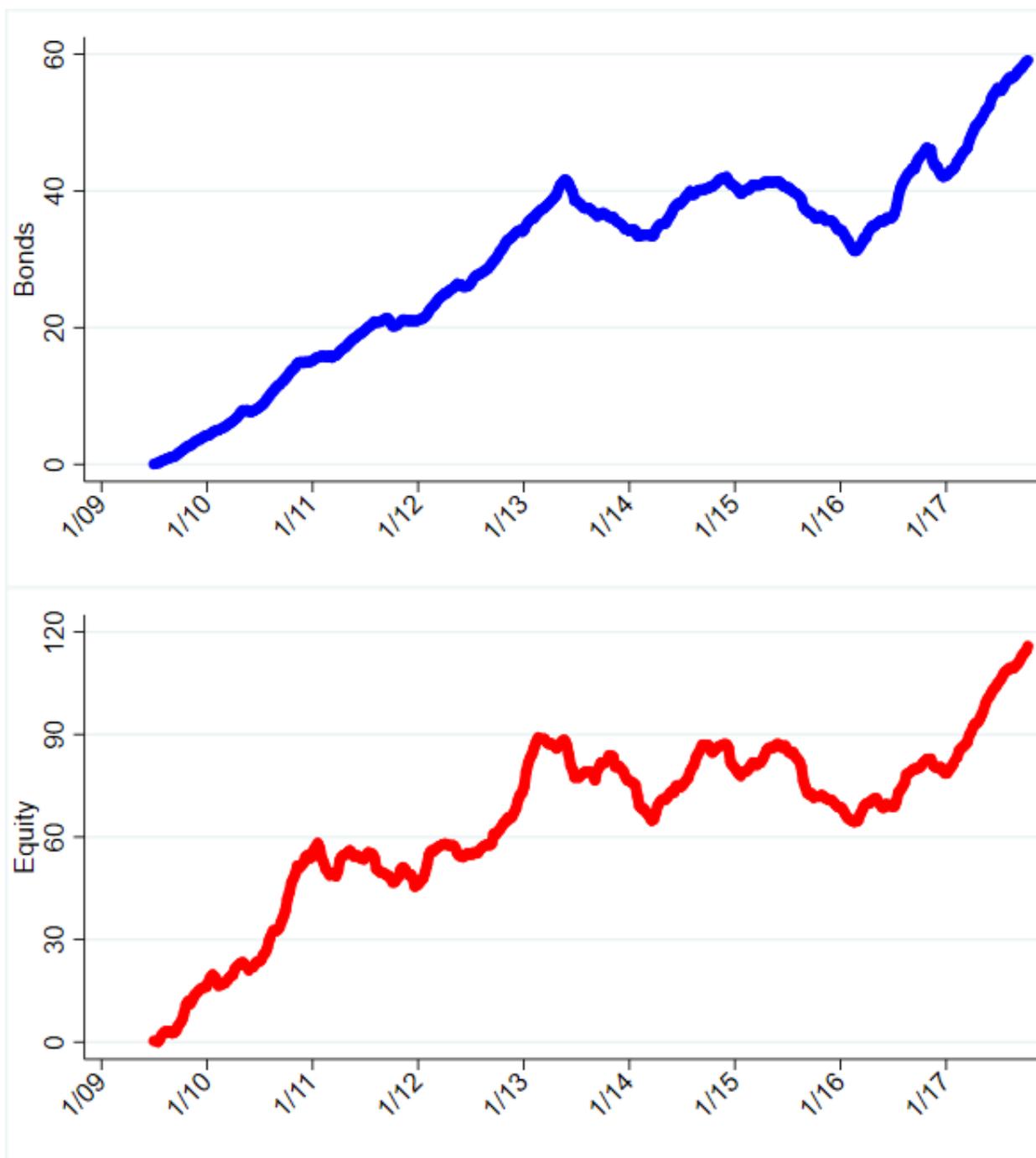
Figure 1: Annual Gross Portfolio Flows to Emerging Economies



Sample: Brazil, Chile, Colombia, Hungary, India, Indonesia, Israel, Mexico, Peru, Philippines, Poland, Russia, South Africa, South Korea, Thailand and Turkey.

Source: IMF International Balance of Payments Statistics.

Figure 2: Weekly Accumulated Bond and Equity Flows to Emerging Economies



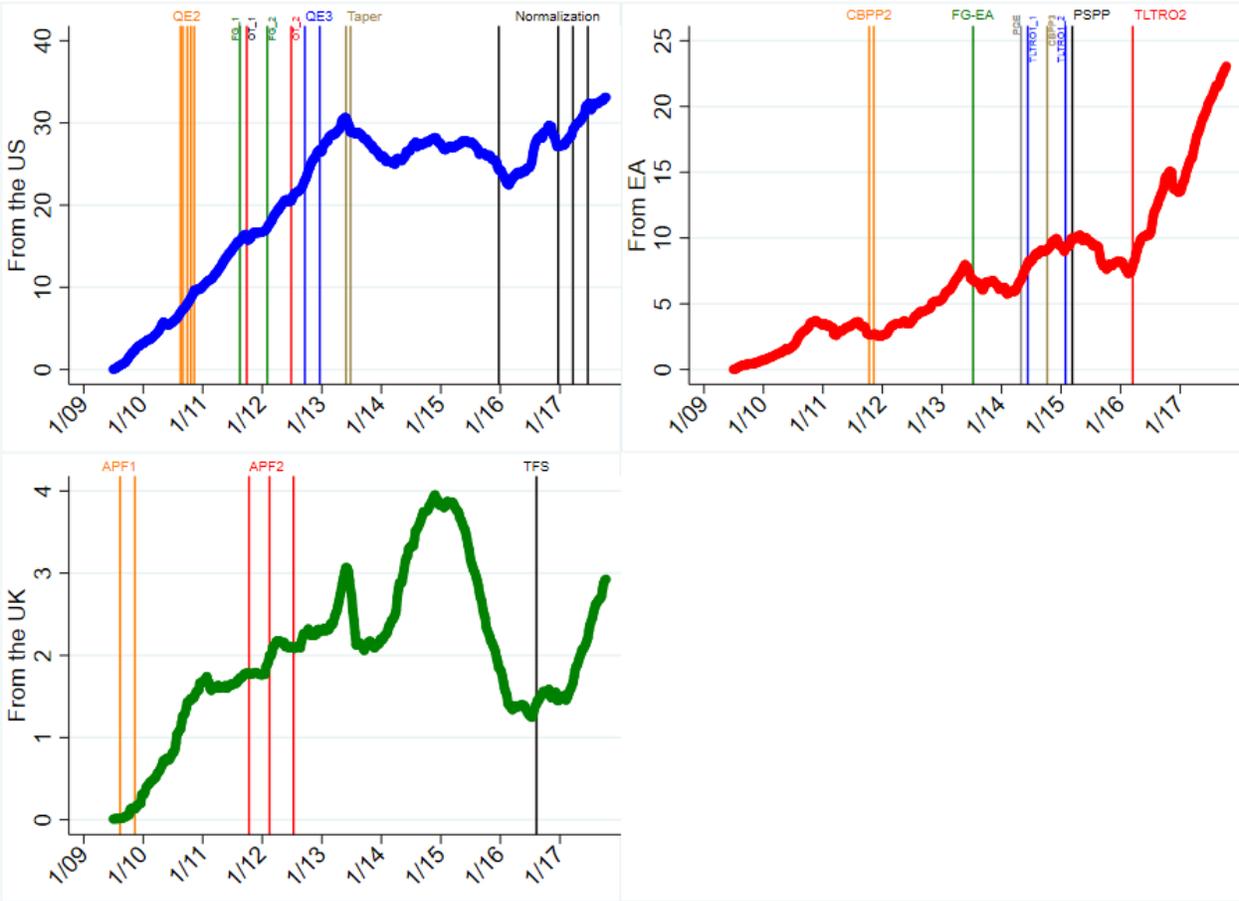
*In Billions of US Dollars.*

*Sample: Brazil, Chile, Colombia, Hungary, India, Indonesia, Israel, Mexico, Peru, Philippines, Poland, Russia, South Africa, South Korea, Thailand and Turkey.*

*The vertical lines represent only US monetary policy announcements.*

*Source: EPFR.*

Figure 3: Weekly Accumulated Bond Flows to Emerging Economies by Investors' Domicile



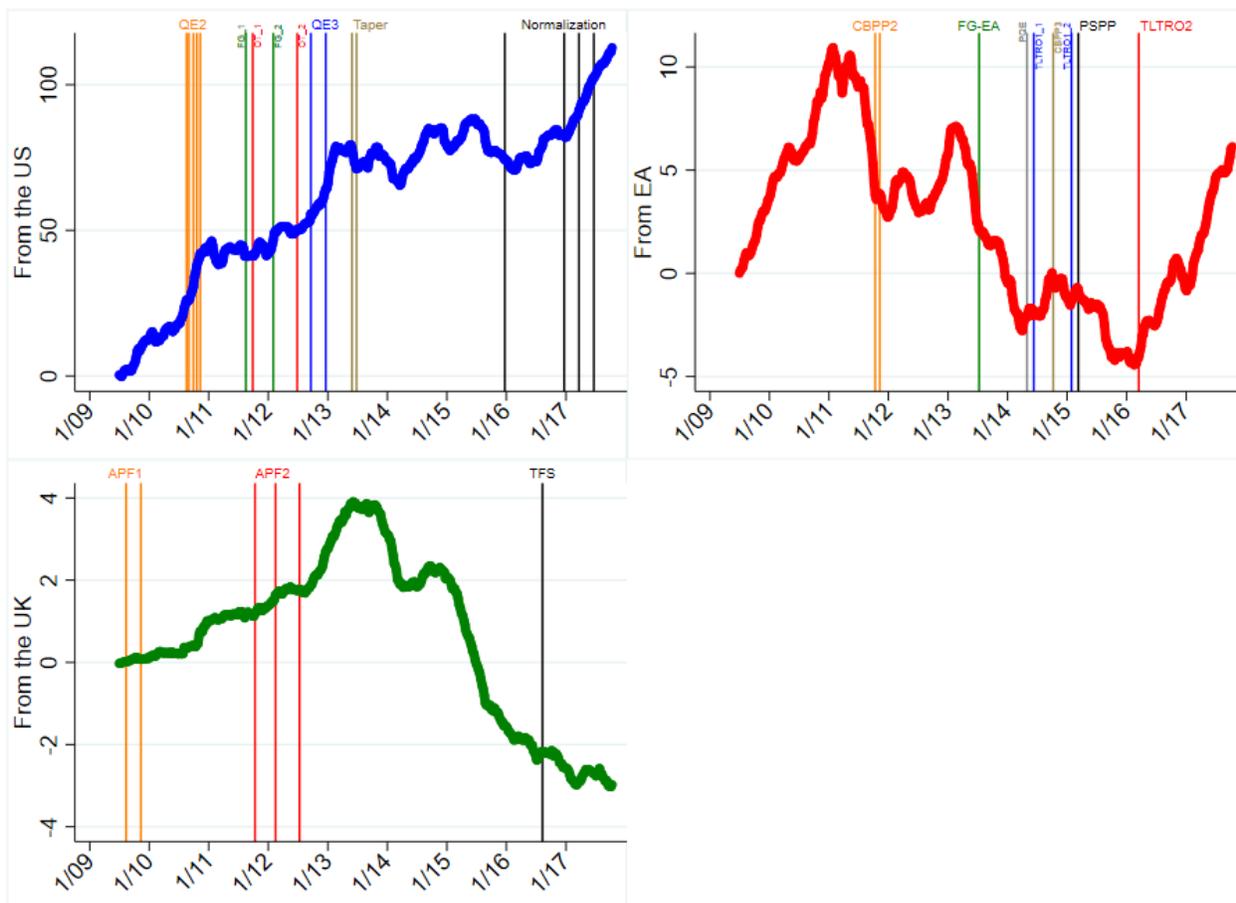
In Billions of US Dollars.

Vertical lines represent monetary policy announcements in the country where the flows are originated.

Sample: Brazil, Chile, Colombia, Hungary, India, Indonesia, Israel, Mexico, Peru, Philippines, Poland, Russia, South Africa, South Korea, Thailand and Turkey.

Source: EPFR.

Figure 4: Weekly Accumulated Equity Flows to Emerging Economies by Investors' Domicile



In Billions of US Dollars.

Vertical lines represent monetary policy announcements in the country where the flows are originated.

Sample: Brazil, Chile, Colombia, Hungary, India, Indonesia, Israel, Mexico, Peru, Philippines, Poland, Russia, South Africa, South Korea, Thailand and Turkey.

Source: EPFR.

Figure 5: Weekly Accumulated Bond Flows to Emerging Economies by Region



*In Billions of US Dollars.*

*Sample: Brazil, Chile, Colombia, Hungary, India, Indonesia, Israel, Mexico, Peru, Philippines, Poland, Russia, South Africa, South Korea, Thailand and Turkey.*

*Source: EPFR.*

Figure 6: Weekly Accumulated Equity Flows to Emerging Economies by Region



*In Billions of US Dollars.*

*Sample: Brazil, Chile, Colombia, Hungary, India, Indonesia, Israel, Mexico, Peru, Philippines, Poland, Russia, South Africa, South Korea, Thailand and Turkey.*

*Source: EPFR.*

Table 1: Effects of US Monetary Policy Measures in US Portfolio Flows to EMEs

	Bonds			Equity		
	E-Asia	E-Europe	Latam	E-Asia	E-Europe	Latam
<b>US Expansionary Measures</b>						
QE2_1	0.0720*** (0.0004)	0.1697*** (0.0026)	0.2417*** (0.0056)	0.0433*** (0.0000)	0.2083*** (0.0001)	0.1520*** (0.0003)
QE2_2	0.0660*** (0.0036)	0.3001*** (0.0010)	0.2731*** (0.0088)	-0.0047 (0.1612)	-0.0095 (0.5174)	-0.0048 (0.7749)
QE2_3	0.0648*** (0.0009)	0.2640*** (0.0008)	0.3058*** (0.0017)	0.0295*** (0.0000)	0.1160*** (0.0005)	0.0999*** (0.0009)
QE2_4	0.0846*** (0.0000)	0.3325*** (0.0001)	0.3409*** (0.0006)	0.0543*** (0.0000)	0.1715*** (0.0001)	0.2496*** (0.0000)
QE2_5	0.2327*** (0.0000)	0.8641*** (0.0000)	1.0302*** (0.0000)	0.0346*** (0.0000)	0.1010*** (0.0006)	0.0973*** (0.0018)
OT_1	-0.1715*** (0.0001)	-0.6119*** (0.0002)	-0.5935*** (0.0014)	0.0389*** (0.0010)	0.1689*** (0.0026)	0.3334*** (0.0016)
OT_2	-0.0197** (0.0485)	-0.0647* (0.0588)	-0.0961** (0.0320)	-0.0122*** (0.0009)	-0.1041*** (0.0004)	-0.1120*** (0.0010)
FG_1	0.0562 (0.1010)	0.2811** (0.0232)	0.1967 (0.1439)	0.0290*** (0.0030)	0.1198** (0.0132)	0.0581 (0.1990)
FG_2	0.0647*** (0.0006)	0.2533*** (0.0009)	0.1869*** (0.0043)	0.0318*** (0.0000)	0.1684*** (0.0002)	0.1510*** (0.0002)
QE3_1	0.0893*** (0.0000)	0.4116*** (0.0001)	0.2887*** (0.0003)	0.0360*** (0.0000)	0.1932*** (0.0000)	0.3937*** (0.0000)
QE3_2	0.0044 (0.5505)	0.0750* (0.0564)	-0.0335 (0.3461)	0.0572*** (0.0000)	0.1034*** (0.0003)	-0.0220 (0.1785)
<b>Contractionary Measures</b>						
Taper_1	-0.0225** (0.0148)	-0.0882** (0.0320)	-0.0831** (0.0224)	-0.0211*** (0.0001)	-0.0874*** (0.0008)	-0.1931*** (0.0002)
Taper_2	-0.2376*** (0.0000)	-1.0206*** (0.0000)	-0.3831*** (0.0001)	-0.0324*** (0.0000)	-0.2687*** (0.0000)	0.0709* (0.0517)
Norm_1	-0.0791*** (0.0003)	-0.3092*** (0.0011)	-0.2048*** (0.0047)	-0.0226*** (0.0001)	-0.1487*** (0.0002)	0.0438* (0.0629)
Norm_2	-0.0232** (0.0140)	-0.0996** (0.0227)	-0.0808** (0.0442)	-0.0236*** (0.0000)	-0.1033*** (0.0003)	-0.0761** (0.0112)
Norm_3	0.0799*** (0.0003)	0.3720*** (0.0012)	0.2399*** (0.0017)	0.0284*** (0.0001)	0.2261*** (0.0001)	0.2372*** (0.0004)
Norm_4	-0.0047 (0.5991)	-0.0476 (0.2622)	-0.0940** (0.0370)	-0.0011 (0.6663)	-0.0382** (0.0366)	0.0078 (0.7069)
<b>Pull and Push Factors</b>						
FX-Growth-Rate <sub>t-1</sub>	-0.0125*** (0.0091)	-0.0213** (0.0138)	-0.0405** (0.0218)	-0.0058*** (0.0094)	-0.0149*** (0.0041)	-0.0311*** (0.0053)
Interest-Rate-Diff <sub>t-1</sub>	0.0065** (0.0232)	0.0095** (0.0416)	-0.0544** (0.0176)			

Continued on next page

**Table 1 – continued from previous page**

	<b>Bonds</b>			<b>Equity</b>		
	E-Asia	E-Europe	Latam	E-Asia	E-Europe	Latam
Stocks Returns <sub><i>t-1</i></sub>				0.5758*** (0.0000)	2.2788*** (0.0003)	3.4676*** (0.0019)
VIX <sub><i>t-1</i></sub>	0.0024* (0.0764)	0.0052 (0.1417)	0.0111* (0.0614)	0.0000 (0.9804)	0.0000 (0.9879)	-0.0034* (0.0885)
Oil-Prices <sub><i>t-1</i></sub>	0.0031** (0.0278)	0.0091* (0.0755)	0.0060 (0.1339)	0.0008** (0.0285)	0.0037* (0.0568)	0.0034 (0.1578)
Observations	3017	2113	2150	3017	2113	2150
Countries	7	5	5	7	5	5

Fixed effects included but not reported.

Driscoll and Kraay (1998) robust standard errors correcting for serial correlation, heteroscedasticity and cross-section dependence in the residuals.

P-values in parenthesis. \* significant at 10% \*\* significant at 5% \*\*\* significant at 1%.

Table 2: Effects of EA Monetary Policy Measures in EA Portfolio Flows to EMEs

	<b>Bonds</b>			<b>Equity</b>		
	E-Asia	E-Europe	Latam	E-Asia	E-Europe	Latam
CBPP2_1	-0.0266 (0.1232)	-0.0136 (0.8154)	-0.0948 (0.2112)	-0.0097*** (0.0044)	-0.0942*** (0.0036)	-0.0891*** (0.0010)
CBPP2_2	0.0029 (0.7855)	0.0746* (0.0867)	0.0024 (0.9553)	0.0052*** (0.0070)	0.0105 (0.3337)	-0.0152* (0.0735)
FG_EA	-0.0247*** (0.0013)	-0.0858*** (0.0074)	-0.0839*** (0.0068)	-0.0092*** (0.0000)	-0.0471*** (0.0002)	-0.0361*** (0.0014)
PQE	0.0288*** (0.0001)	0.0522** (0.0272)	-0.0101 (0.3488)	0.0013* (0.0551)	0.0056 (0.1801)	0.0104** (0.0326)
CBPP3	0.0087** (0.0432)	0.0434** (0.0368)	-0.0028 (0.8123)	-0.0019** (0.0240)	-0.0294*** (0.0010)	-0.0558*** (0.0002)
TLTRO1_1	0.0297*** (0.0002)	0.4569*** (0.0000)	-0.0030 (0.8141)	0.0031*** (0.0029)	0.0145** (0.0248)	0.0037 (0.4062)
TLTRO1_2	0.0298*** (0.0004)	0.1851*** (0.0004)	-0.0119 (0.4860)	0.0050*** (0.0001)	-0.0046 (0.3326)	0.0061* (0.0897)
PSPP	0.0054 (0.1282)	0.0390* (0.0594)	-0.0160 (0.1486)	-0.0019*** (0.0092)	-0.0033 (0.4038)	-0.0095 (0.1424)
TLTRO2	0.0194** (0.0421)	0.1294*** (0.0091)	0.0212 (0.4843)	-0.0050*** (0.0015)	-0.0516*** (0.0008)	-0.0264** (0.0133)
<b>Pull and Push Factors</b>						
FX-Growth-Rate <sub>t-1</sub>	-0.0107*** (0.0012)	-0.0227*** (0.0069)	-0.0285*** (0.0072)	-0.0020*** (0.0019)	-0.0050** (0.0111)	-0.0073** (0.0138)
Interest-Rate-Diff <sub>t-1</sub>	-0.0015* (0.0823)	0.0014 (0.4681)	-0.0133* (0.0720)			
Stocks Returns <sub>t-1</sub>				0.0901*** (0.0003)	0.4854*** (0.0026)	0.6097*** (0.0044)
VIX <sub>t-1</sub>	-0.0003 (0.5779)	-0.0051* (0.0781)	-0.0005 (0.8363)	-0.0002* (0.0755)	-0.0010 (0.1812)	-0.0010* (0.0799)
Oil-Prices <sub>t-1</sub>	0.0002 (0.8141)	0.0000 (0.9891)	-0.0002 (0.9525)	0.0001 (0.3795)	0.0010 (0.1018)	0.0004 (0.4478)
Observations	3017	2113	2150	3017	2113	2150
Countries	7	5	5	7	5	5

Fixed effects included but not reported.

Driscoll and Kraay (1998) robust standard errors correcting for serial correlation, heteroscedasticity and cross-section dependence in the residuals.

P-values in parenthesis. \* significant at 10% \*\* significant at 5% \*\*\* significant at 1%.

Table 3: Effects of UK Monetary Policy Measures in UK Portfolio Flows to EMEs

	<b>Bonds</b>			<b>Equity</b>		
	E-Asia	E-Europe	Latam	E-Asia	E-Europe	Latam
APF1_2	-0.0066** (0.0357)	-0.0221** (0.0456)	-0.0426** (0.0185)	0.0006** (0.0273)	-0.0006 (0.3529)	0.0005 (0.5602)
APF1_3	-0.0139*** (0.0011)	-0.0369*** (0.0083)	-0.0879*** (0.0017)	-0.0006** (0.0161)	-0.0011 (0.1256)	-0.0007 (0.4235)
APF2_1	-0.0148** (0.0211)	-0.0410* (0.0598)	-0.0643** (0.0309)	0.0008* (0.0776)	0.0004 (0.7083)	0.0113*** (0.0011)
APF2_2	0.0386*** (0.0000)	0.1254*** (0.0000)	0.1293*** (0.0000)	0.0065*** (0.0000)	0.0043*** (0.0010)	0.0033*** (0.0083)
APF2_3	-0.0110*** (0.0011)	-0.0341*** (0.0076)	-0.0371*** (0.0032)	0.0010*** (0.0056)	-0.0076*** (0.0002)	-0.0034** (0.0110)
TFS	-0.0006 (0.7794)	0.0078 (0.3400)	0.0199** (0.0410)	-0.0018*** (0.0015)	-0.0049*** (0.0026)	0.0084*** (0.0018)
<b>Pull and Push Factors</b>						
FX-Growth-Rate <sub>t-1</sub>	-0.0022** (0.0140)	-0.0030* (0.0726)	-0.0052** (0.0297)	-0.0002* (0.0550)	-0.0003 (0.1609)	-0.0006 (0.1380)
Interest-Rate-Diff <sub>t-1</sub>	0.0007** (0.0279)	0.0004 (0.4678)	-0.0086** (0.0181)			
Stocks Returns <sub>t-1</sub>				0.0223*** (0.0055)	0.0559*** (0.0086)	0.0468* (0.0847)
VIX <sub>t-1</sub>	0.0003 (0.1659)	0.0007 (0.3448)	0.0016 (0.1009)	0.0000 (0.2319)	0.0001** (0.0366)	0.0001 (0.1577)
Oil-Prices <sub>t-1</sub>	0.0001 (0.6218)	0.0006 (0.5196)	0.0004 (0.6545)	0.0000 (0.8799)	0.0001 (0.5219)	0.0000 (0.8104)
Observations	3017	2113	2150	3017	2113	2150
Countries	7	5	5	7	5	5

Fixed effects included but not reported.

Driscoll and Kraay (1998) robust standard errors correcting for serial correlation, heteroscedasticity and cross-section dependence in the residuals.

P-values in parenthesis. \* significant at 10% \*\* significant at 5% \*\*\* significant at 1%.

Table 4: Effects of Advanced Economies Monetary Policy Measures in US Portfolio Flows to EMEs

	<b>Bonds</b>			<b>Equity</b>		
	E-Asia	E-Europe	Latam	E-Asia	E-Europe	Latam
<b>US Expansionary Measures</b>						
QE2_1	0.0724*** (0.0004)	0.1718*** (0.0027)	0.2437*** (0.0061)	0.0433*** (0.0000)	0.2087*** (0.0001)	0.1549*** (0.0003)
QE2_2	0.0665*** (0.0037)	0.3001*** (0.0011)	0.2741*** (0.0094)	-0.0044 (0.2049)	-0.0080 (0.6008)	-0.0007 (0.9673)
QE2_3	0.0652*** (0.0009)	0.2668*** (0.0008)	0.3070*** (0.0018)	0.0300*** (0.0000)	0.1177*** (0.0005)	0.1026*** (0.0008)
QE2_4	0.0849*** (0.0000)	0.3354*** (0.0001)	0.3428*** (0.0006)	0.0544*** (0.0000)	0.1724*** (0.0001)	0.2516*** (0.0000)
QE2_5	0.2332*** (0.0000)	0.8664*** (0.0000)	1.0315*** (0.0000)	0.0349*** (0.0000)	0.1016*** (0.0006)	0.0996*** (0.0017)
OT_1	-0.1711*** (0.0001)	-0.6127*** (0.0003)	-0.5965*** (0.0014)	0.0379*** (0.0014)	0.1682*** (0.0030)	0.3380*** (0.0015)
OT_2	-0.0193* (0.0555)	-0.0613* (0.0693)	-0.0946** (0.0371)	-0.0120*** (0.0013)	-0.1032*** (0.0004)	-0.1102*** (0.0013)
FG_1	0.0565* (0.0982)	0.2782** (0.0247)	0.1945 (0.1506)	0.0294*** (0.0035)	0.1233** (0.0138)	0.0661 (0.1522)
FG_2	0.0652*** (0.0007)	0.2585*** (0.0008)	0.1888*** (0.0046)	0.0320*** (0.0000)	0.1704*** (0.0002)	0.1531*** (0.0002)
QE3_1	0.0895*** (0.0000)	0.4154*** (0.0001)	0.2904*** (0.0003)	0.0365*** (0.0000)	0.1942*** (0.0000)	0.3946*** (0.0000)
QE3_2	0.0043 (0.5662)	0.0755* (0.0575)	-0.0316 (0.3731)	0.0575*** (0.0000)	0.1048*** (0.0002)	-0.0210 (0.1968)
<b>US Contractionary Measures</b>						
Taper_1	-0.0229** (0.0150)	-0.0900** (0.0321)	-0.0840** (0.0230)	-0.0211*** (0.0001)	-0.0878*** (0.0008)	-0.1944*** (0.0002)
Taper_2	-0.2377*** (0.0000)	-1.0183*** (0.0000)	-0.3822*** (0.0001)	-0.0330*** (0.0000)	-0.2698*** (0.0000)	0.0709* (0.0581)
Norm_1	-0.0792*** (0.0003)	-0.3113*** (0.0012)	-0.2066*** (0.0044)	-0.0220*** (0.0001)	-0.1464*** (0.0002)	0.0456* (0.0558)
Norm_2	-0.0233** (0.0138)	-0.0992** (0.0237)	-0.0794** (0.0458)	-0.0236*** (0.0000)	-0.1034*** (0.0004)	-0.0765** (0.0121)
Norm_3	0.0794*** (0.0004)	0.3707*** (0.0013)	0.2391*** (0.0018)	0.0291*** (0.0001)	0.2289*** (0.0001)	0.2365*** (0.0005)
Norm_4	-0.0052 (0.5731)	-0.0487 (0.2634)	-0.0934** (0.0384)	-0.0008 (0.7719)	-0.0371** (0.0415)	0.0065 (0.7574)
<b>EA Monetary Policy Measures</b>						
CBPP2_1	-0.0571 (0.1009)	-0.1589* (0.0888)	-0.2594* (0.0838)	-0.0031 (0.6568)	0.0330 (0.3579)	0.1655** (0.0106)
CBPP2_2	0.0222 (0.2560)	0.2353*** (0.0042)	0.1361 (0.1266)	-0.0027 (0.6117)	0.0429 (0.1023)	0.0931** (0.0163)

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Table 4 – continued from previous page

	Bonds			Equity		
	E-Asia	E-Europe	Latam	E-Asia	E-Europe	Latam
FG_EA	-0.0816*** (0.0000)	-0.2785*** (0.0003)	-0.2400*** (0.0009)	-0.0294*** (0.0000)	-0.0980*** (0.0005)	-0.0309 (0.1522)
PQE	-0.0424*** (0.0010)	-0.1489*** (0.0063)	-0.0952*** (0.0087)	0.0048** (0.0459)	0.0482*** (0.0072)	-0.0264 (0.1088)
CBPP3	0.0226*** (0.0084)	0.1058** (0.0123)	-0.0391* (0.0864)	-0.0223*** (0.0001)	-0.0727*** (0.0018)	-0.1564*** (0.0005)
TLTRO1_1	-0.0148 (0.1190)	-0.0359 (0.3199)	-0.0709** (0.0436)	0.0511*** (0.0000)	0.0791*** (0.0015)	0.0338* (0.0889)
TLTRO1_2	-0.0658*** (0.0003)	-0.1782*** (0.0025)	-0.1959*** (0.0030)	0.0226*** (0.0000)	0.0287** (0.0441)	-0.0456** (0.0138)
PSPF	-0.0700*** (0.0000)	-0.2860*** (0.0006)	-0.1110*** (0.0040)	-0.0139*** (0.0003)	-0.0943*** (0.0009)	0.0957** (0.0150)
TLTRO2	-0.0531*** (0.0042)	-0.1466** (0.0142)	-0.1859** (0.0105)	0.0065 (0.1468)	0.0245 (0.1721)	0.1346*** (0.0038)
<b>UK Monetary Policy Measures</b>						
APF1_2	0.0417** (0.0225)	-0.0228 (0.5266)	0.1908** (0.0315)	0.0167*** (0.0057)	-0.1311*** (0.0014)	-0.0096 (0.6412)
APF1_3	0.1131*** (0.0003)	0.1757*** (0.0091)	0.3154*** (0.0096)	0.0201*** (0.0013)	0.0621** (0.0195)	0.0703** (0.0290)
APF2_2	0.0542*** (0.0007)	0.1783*** (0.0026)	0.1778*** (0.0046)	0.0159*** (0.0004)	0.1054*** (0.0003)	-0.0375** (0.0395)
APF2_3	0.1377*** (0.0000)	0.6668*** (0.0000)	0.4321*** (0.0002)	-0.0080** (0.0419)	0.0165 (0.2109)	-0.0233 (0.1948)
TFS	0.0239* (0.0669)	0.1385** (0.0317)	0.1532*** (0.0081)	0.0131*** (0.0056)	0.0877*** (0.0032)	0.1095*** (0.0051)
<b>Pull and Push Factors</b>						
FX-Growth-Rate <sub>t-1</sub>	-0.0122** (0.0133)	-0.0198** (0.0174)	-0.0392** (0.0253)	-0.0058** (0.0107)	-0.0146*** (0.0042)	-0.0306*** (0.0057)
Interest-Rate-Diff <sub>t-1</sub>	0.0065** (0.0215)	0.0095** (0.0379)	-0.0537** (0.0179)			
Stocks Returns <sub>t-1</sub>				0.5574*** (0.0000)	2.2579*** (0.0003)	3.4571*** (0.0022)
VIX <sub>t-1</sub>	0.0024* (0.0850)	0.0050 (0.1622)	0.0110* (0.0678)	0.0000 (0.9893)	-0.0001 (0.9694)	-0.0037* (0.0683)
Oil-Prices <sub>t-1</sub>	0.0030** (0.0295)	0.0090* (0.0798)	0.0060 (0.1327)	0.0009** (0.0263)	0.0040** (0.0455)	0.0035 (0.1569)
Observations	3017	2113	2150	3017	2113	2150
Countries	7	5	5	7	5	5

Fixed effects included but not reported.

Driscoll and Kraay (1998) robust standard errors correcting for serial correlation, heteroscedasticity and cross-section dependence in the residuals.

P-values in parenthesis. \* significant at 10% \*\* significant at 5% \*\*\* significant at 1%.

Table 5: Effects of Advanced Economies Monetary Policy Measures in EA Portfolio Flows to EMEs

	Bonds			Equity		
	E-Asia	E-Europe	Latam	E-Asia	E-Europe	Latam
<b>US Expansionary Measures</b>						
QE2_1	0.0361*** (0.0003)	0.0341 (0.1303)	0.0599** (0.0427)	0.0024** (0.0118)	0.0025 (0.6591)	0.0102** (0.0338)
QE2_2	0.0451*** (0.0004)	0.0915** (0.0180)	0.1038** (0.0143)	0.0058*** (0.0008)	0.0295** (0.0101)	0.0061 (0.2192)
QE2_3	0.0270*** (0.0013)	0.0931** (0.0102)	0.1302*** (0.0017)	0.0201*** (0.0000)	0.0527*** (0.0002)	0.0513*** (0.0001)
QE2_4	0.0543*** (0.0000)	0.1427*** (0.0009)	0.1963*** (0.0003)	0.0061*** (0.0000)	0.0700*** (0.0000)	0.0625*** (0.0000)
QE2_5	0.0227*** (0.0027)	0.0677** (0.0154)	0.0880** (0.0106)	0.0050*** (0.0001)	0.0250*** (0.0031)	0.0374*** (0.0002)
OT_1	-0.1387*** (0.0000)	-0.5751*** (0.0001)	-0.5667*** (0.0001)	-0.0148*** (0.0002)	-0.0607*** (0.0092)	-0.0447** (0.0154)
OT_2	0.0381*** (0.0000)	0.1405*** (0.0009)	0.0960*** (0.0024)	-0.0041*** (0.0002)	-0.0238*** (0.0032)	0.0124** (0.0168)
FG_1	-0.0732*** (0.0012)	-0.2881*** (0.0055)	-0.3790*** (0.0016)	-0.0011 (0.6498)	-0.0898*** (0.0035)	-0.0336** (0.0347)
FG_2	0.0362*** (0.0002)	0.0095 (0.6473)	0.0501** (0.0260)	0.0081*** (0.0000)	0.0533*** (0.0003)	0.0508*** (0.0001)
QE3_1	-0.0087** (0.0309)	-0.0547** (0.0263)	-0.0303** (0.0498)	0.0011* (0.0740)	0.0225*** (0.0053)	0.0281*** (0.0016)
QE3_2	0.0139*** (0.0059)	0.0253 (0.2021)	0.0209 (0.1590)	0.0078*** (0.0000)	0.0538*** (0.0001)	0.0361*** (0.0005)
<b>US Contractionary Measures</b>						
Taper_1	-0.0449*** (0.0000)	-0.2767*** (0.0001)	-0.0581*** (0.0088)	-0.0056*** (0.0001)	-0.0448*** (0.0002)	-0.0342*** (0.0010)
Taper_2	-0.1359*** (0.0000)	-0.5836*** (0.0000)	-0.1738*** (0.0002)	-0.0133*** (0.0000)	-0.0468*** (0.0010)	-0.0814*** (0.0002)
Norm_1	-0.0111* (0.0782)	-0.0378 (0.1892)	-0.0189 (0.3914)	0.0037*** (0.0036)	-0.0008 (0.8784)	0.0201*** (0.0090)
Norm_2	-0.0550*** (0.0000)	-0.2760*** (0.0001)	-0.1584*** (0.0004)	-0.0094*** (0.0000)	-0.0513*** (0.0002)	-0.0827*** (0.0000)
Norm_3	0.0311*** (0.0038)	0.1762*** (0.0048)	0.1208*** (0.0089)	0.0057*** (0.0005)	0.0450*** (0.0013)	0.0418*** (0.0013)
Norm_4	0.0226*** (0.0033)	0.1129*** (0.0078)	0.0837*** (0.0083)	0.0028*** (0.0068)	0.0167** (0.0251)	0.0367*** (0.0009)
<b>EA Monetary Policy Measures</b>						
CBPP2_1	-0.0294* (0.0712)	-0.0324 (0.5453)	-0.1229* (0.0913)	-0.0090*** (0.0053)	-0.0946*** (0.0030)	-0.0884*** (0.0008)
CBPP2_2	0.0041 (0.6859)	0.0677* (0.0971)	-0.0014 (0.9725)	0.0053*** (0.0051)	0.0096 (0.3559)	-0.0150* (0.0704)

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Table 5 – continued from previous page

	Bonds			Equity		
	E-Asia	E-Europe	Latam	E-Asia	E-Europe	Latam
FG_EA	-0.0231*** (0.0016)	-0.0866*** (0.0067)	-0.0777*** (0.0084)	-0.0094*** (0.0000)	-0.0467*** (0.0002)	-0.0370*** (0.0012)
PQE	0.0287*** (0.0001)	0.0532** (0.0247)	-0.0068 (0.4963)	0.0012* (0.0638)	0.0058 (0.1674)	0.0110** (0.0244)
CBPP3	0.0068* (0.0909)	0.0393** (0.0462)	-0.0055 (0.6346)	-0.0024*** (0.0077)	-0.0305*** (0.0008)	-0.0567*** (0.0001)
TLTRO1_1	0.0294*** (0.0002)	0.4564*** (0.0000)	0.0029 (0.8010)	0.0032*** (0.0019)	0.0153** (0.0196)	0.0058 (0.2101)
TLTRO1_2	0.0305*** (0.0003)	0.1782*** (0.0003)	-0.0145 (0.3845)	0.0055*** (0.0001)	-0.0040 (0.4085)	0.0076** (0.0453)
PSPF	0.0054 (0.1235)	0.0385* (0.0620)	-0.0152 (0.1636)	-0.0019*** (0.0081)	-0.0041 (0.3101)	-0.0111* (0.0883)
TLTRO2	0.0224** (0.0269)	0.1326*** (0.0088)	0.0309 (0.3326)	-0.0049*** (0.0019)	-0.0501*** (0.0011)	-0.0261** (0.0136)
<b>UK Monetary Policy Measures</b>						
APF1_2	0.0444*** (0.0014)	0.0667* (0.0618)	0.2161*** (0.0031)	0.0050*** (0.0019)	0.0436*** (0.0030)	0.0375*** (0.0015)
APF1_3	0.0119 (0.1438)	0.1000** (0.0157)	0.0157 (0.6420)	0.0081*** (0.0003)	0.0489*** (0.0031)	0.0247*** (0.0082)
APF2_2	0.0686*** (0.0000)	0.1557*** (0.0006)	0.1745*** (0.0002)	0.0057*** (0.0000)	0.0554*** (0.0001)	0.0386*** (0.0002)
APF2_3	0.0378*** (0.0005)	0.1604*** (0.0012)	0.0941*** (0.0094)	0.0004 (0.5934)	-0.0192** (0.0127)	0.0061 (0.2147)
TFS	0.0051 (0.4299)	0.0129 (0.6717)	0.0517* (0.0812)	0.0042*** (0.0014)	0.0033 (0.5604)	0.0265*** (0.0038)
<b>Pull and Push Factors</b>						
FX-Growth-Rate <sub>t-1</sub>	-0.0083*** (0.0043)	-0.0203*** (0.0086)	-0.0246*** (0.0065)	-0.0017*** (0.0026)	-0.0043** (0.0157)	-0.0067** (0.0164)
Interest-Rate-Diff <sub>t-1</sub>	-0.0015* (0.0601)	0.0006 (0.7132)	-0.0116* (0.0961)			
Stocks Returns <sub>t-1</sub>				0.0733*** (0.0010)	0.4332*** (0.0044)	0.5483*** (0.0059)
VIX <sub>t-1</sub>	-0.0002 (0.6692)	-0.0045* (0.0857)	0.0004 (0.8567)	-0.0002* (0.0578)	-0.0010 (0.1877)	-0.0009* (0.0773)
Oil-Prices <sub>t-1</sub>	0.0002 (0.7760)	0.0001 (0.9664)	-0.0004 (0.8933)	0.0001 (0.1619)	0.0011* (0.0912)	0.0006 (0.2781)
Observations	3017	2113	2150	3017	2113	2150
Countries	7	5	5	7	5	5

Fixed effects included but not reported.

Driscoll and Kraay (1998) robust standard errors correcting for serial correlation, heteroscedasticity and cross-section dependence in the residuals.

P-values in parenthesis. \* significant at 10% \*\* significant at 5% \*\*\* significant at 1%.

Table 6: Effects of Advanced Economies Monetary Policy Measures in UK Portfolio Flows to EMEs

	Bonds			Equity		
	E-Asia	E-Europe	Latam	E-Asia	E-Europe	Latam
<b>US Expansionary Measures</b>						
QE2_1	0.0036* (0.0876)	0.0108 (0.1360)	0.0073 (0.4117)	0.0004** (0.0429)	0.0002 (0.6635)	0.0002 (0.7387)
QE2_2	0.0445*** (0.0000)	0.1623*** (0.0000)	0.2046*** (0.0000)	0.0020*** (0.0000)	-0.0005 (0.4222)	0.0007 (0.4041)
QE2_3	0.0396*** (0.0000)	0.1415*** (0.0000)	0.1798*** (0.0000)	-0.0004* (0.0782)	0.0012* (0.0790)	0.0007 (0.3295)
QE2_4	0.0133*** (0.0001)	0.0489*** (0.0008)	0.0482*** (0.0015)	0.0012*** (0.0002)	0.0075*** (0.0001)	0.0075*** (0.0001)
QE2_5	0.0003 (0.8713)	0.0050 (0.4007)	-0.0027 (0.6982)	0.0018*** (0.0000)	0.0103*** (0.0000)	0.0088*** (0.0001)
OT_1	-0.0070* (0.0510)	-0.0223* (0.0931)	-0.0343* (0.0573)	0.0006 (0.2464)	0.0018 (0.1548)	0.0037* (0.0712)
OT_2	-0.0020 (0.2130)	-0.0050 (0.4075)	-0.0133* (0.0676)	-0.0017*** (0.0000)	0.0001 (0.8982)	-0.0026** (0.0119)
FG_1	0.0103* (0.0628)	0.0531** (0.0310)	0.0356 (0.1105)	0.0026*** (0.0019)	0.0114*** (0.0009)	0.0051* (0.0638)
FG_2	0.0064** (0.0121)	0.0266** (0.0138)	0.0207** (0.0221)	0.0001 (0.6923)	0.0015* (0.0589)	-0.0064*** (0.0007)
QE3_1	-0.0065*** (0.0020)	-0.0250** (0.0114)	-0.0247*** (0.0030)	0.0023*** (0.0001)	0.0025*** (0.0077)	0.0054*** (0.0021)
QE3_2	-0.0125*** (0.0001)	-0.0605*** (0.0003)	-0.0591*** (0.0004)	0.0040*** (0.0000)	0.0086*** (0.0001)	0.0130*** (0.0001)
<b>US Contractionary Measures</b>						
Taper_1	0.0120*** (0.0001)	0.0535*** (0.0006)	0.0034 (0.4561)	0.0011*** (0.0065)	0.0019** (0.0273)	0.0011 (0.2689)
Taper_2	-0.0382*** (0.0000)	-0.1748*** (0.0000)	-0.0586*** (0.0001)	-0.0015*** (0.0023)	-0.0033** (0.0184)	-0.0050** (0.0118)
Norm_1	-0.0138*** (0.0003)	-0.0566*** (0.0010)	-0.0339*** (0.0059)	-0.0004 (0.1241)	0.0005 (0.4773)	0.0008 (0.4418)
Norm_2	-0.0041** (0.0188)	-0.0236** (0.0124)	-0.0046 (0.3390)	-0.0011*** (0.0053)	0.0049*** (0.0007)	0.0104*** (0.0003)
Norm_3	0.0042* (0.0901)	0.0163 (0.1013)	0.0279** (0.0222)	0.0008* (0.0595)	0.0025** (0.0375)	0.0157*** (0.0002)
Norm_4	0.0023 (0.2040)	0.0113 (0.1558)	0.0146* (0.0566)	0.0009** (0.0279)	0.0054*** (0.0012)	0.0056*** (0.0038)
<b>EA Monetary Policy Measures</b>						
CBPP2_1	-0.0135** (0.0287)	-0.0353* (0.0830)	-0.0595** (0.0363)	0.0010** (0.0475)	0.0009 (0.4222)	0.0117*** (0.0012)
CBPP2_2	-0.0083** (0.0366)	-0.0171 (0.1320)	-0.0375** (0.0491)	0.0001 (0.7551)	-0.0005 (0.5471)	0.0020* (0.0888)

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Table 6 – continued from previous page

	Bonds			Equity		
	E-Asia	E-Europe	Latam	E-Asia	E-Europe	Latam
FG_EA	-0.0601*** (0.0000)	-0.2692*** (0.0000)	-0.0866*** (0.0001)	0.0000 (0.8557)	0.0003 (0.5651)	0.0022* (0.0531)
PQE	-0.0052*** (0.0048)	-0.0191** (0.0195)	-0.0106** (0.0375)	0.0003 (0.2619)	-0.0018** (0.0272)	-0.0022** (0.0345)
CBPP3	0.0000 (0.9821)	-0.0035 (0.4793)	-0.0088* (0.0579)	-0.0006* (0.0694)	-0.0024** (0.0128)	-0.0035*** (0.0091)
TLTRO1_1	0.0038** (0.0317)	0.0157* (0.0511)	-0.0039 (0.3979)	0.0029*** (0.0001)	0.0048*** (0.0014)	-0.0438*** (0.0000)
TLTRO1_2	0.0011 (0.5026)	0.0056 (0.2721)	-0.0173** (0.0342)	-0.0034*** (0.0000)	-0.0098*** (0.0001)	-0.0155*** (0.0000)
PSPF	-0.0018 (0.1832)	-0.0115* (0.0740)	-0.0062 (0.1218)	-0.0037*** (0.0000)	-0.0068*** (0.0003)	-0.0127*** (0.0002)
TLTRO2	-0.0124*** (0.0014)	-0.0379*** (0.0090)	-0.0325** (0.0189)	-0.0004 (0.2411)	0.0045*** (0.0038)	0.0267*** (0.0000)
<b>UK Monetary Policy Measures</b>						
APF1_2	-0.0070** (0.0262)	-0.0236** (0.0325)	-0.0429** (0.0185)	0.0006** (0.0349)	-0.0005 (0.4591)	0.0008 (0.2963)
APF1_3	-0.0135*** (0.0012)	-0.0350*** (0.0094)	-0.0856*** (0.0018)	-0.0006** (0.0224)	-0.0009 (0.1828)	-0.0005 (0.5775)
APF2_2	0.0388*** (0.0000)	0.1256*** (0.0000)	0.1302*** (0.0000)	0.0065*** (0.0000)	0.0045*** (0.0010)	0.0036*** (0.0064)
APF2_3	-0.0116*** (0.0006)	-0.0372*** (0.0036)	-0.0387*** (0.0029)	0.0010*** (0.0078)	-0.0076*** (0.0002)	-0.0031** (0.0127)
TFS	0.0001 (0.9798)	0.0096 (0.2528)	0.0216** (0.0307)	-0.0017*** (0.0019)	-0.0046*** (0.0034)	0.0083*** (0.0015)
<b>Pull and Push Factors</b>						
FX-Growth-Rate <sub>t-1</sub>	-0.0021** (0.0154)	-0.0030* (0.0722)	-0.0050** (0.0307)	-0.0002* (0.0566)	-0.0002 (0.2295)	-0.0004 (0.2371)
Interest-Rate-Diff <sub>t-1</sub>	0.0006** (0.0337)	0.0005 (0.3453)	-0.0085** (0.0186)			
Stocks Returns <sub>t-1</sub>				0.0218*** (0.0075)	0.0545** (0.0102)	0.0484* (0.0786)
VIX <sub>t-1</sub>	0.0002 (0.2269)	0.0005 (0.4913)	0.0015 (0.1223)	0.0000 (0.2931)	0.0001* (0.0548)	0.0001 (0.2364)
Oil-Prices <sub>t-1</sub>	0.0002 (0.2793)	0.0011 (0.2155)	0.0008 (0.3709)	0.0000 (0.6548)	0.0001 (0.3455)	0.0000 (0.8151)
Observations	3017	2113	2150	3017	2113	2150
Countries	7	5	5	7	5	5

Fixed effects included but not reported.

Driscoll and Kraay (1998) robust standard errors correcting for serial correlation, heteroscedasticity and cross-section dependence in the residuals.

P-values in parenthesis. \* significant at 10% \*\* significant at 5% \*\*\* significant at 1%.

Table 7: Effects of Advanced Economies Monetary Policy Measures in US Portfolio Flows to EMEs

	<b>Bonds</b>			<b>Equity</b>		
	E-Asia	E-Europe	Latam	E-Asia	E-Europe	Latam
<b>US Expansionary Measures</b>						
QE2_1	0.0724*** (0.0092)	0.1718** (0.0413)	0.2437 (0.2226)	0.0433** (0.0125)	0.2087** (0.0191)	0.1549 (0.2685)
QE2_2	0.0665*** (0.0075)	0.3001** (0.0265)	0.2741 (0.2726)	-0.0044 (0.4690)	-0.0080 (0.5057)	-0.0007 (0.9881)
QE2_3	0.0652** (0.0161)	0.2668** (0.0245)	0.3070 (0.2326)	0.0300** (0.0382)	0.1177** (0.0183)	0.1026 (0.5089)
QE2_4	0.0849** (0.0180)	0.3354** (0.0158)	0.3428 (0.1959)	0.0544** (0.0118)	0.1724** (0.0136)	0.2516 (0.3260)
QE2_5	0.2332** (0.0383)	0.8664*** (0.0057)	1.0315 (0.1595)	0.0349** (0.0216)	0.1016* (0.0772)	0.0996 (0.3701)
OT_1	-0.1711** (0.0385)	-0.6127** (0.0147)	-0.5965 (0.1058)	0.0379 (0.1065)	0.1682 (0.1145)	0.3380 (0.1699)
OT_2	-0.0193* (0.0589)	-0.0613 (0.2552)	-0.0946 (0.3194)	-0.0120 (0.1844)	-0.1032 (0.1414)	-0.1102 (0.2021)
FG_1	0.0565* (0.0614)	0.2782*** (0.0054)	0.1945** (0.0295)	0.0294*** (0.0100)	0.1233* (0.0630)	0.0661 (0.2043)
FG_2	0.0652* (0.0816)	0.2585** (0.0228)	0.1888 (0.1164)	0.0320** (0.0470)	0.1704 (0.1347)	0.1531 (0.2150)
QE3_1	0.0895* (0.0695)	0.4154** (0.0222)	0.2904** (0.0494)	0.0365* (0.0590)	0.1942** (0.0277)	0.3946 (0.3882)
QE3_2	0.0043 (0.5036)	0.0755** (0.0268)	-0.0316 (0.7008)	0.0575* (0.0513)	0.1048*** (0.0081)	-0.0210 (0.5568)
<b>US Contractionary Measures</b>						
Taper_1	-0.0229* (0.0720)	-0.0900* (0.0641)	-0.0840 (0.3987)	-0.0211*** (0.0033)	-0.0878** (0.0419)	-0.1944 (0.3196)
Taper_2	-0.2377** (0.0258)	-1.0183** (0.0195)	-0.3822 (0.1237)	-0.0330* (0.0518)	-0.2698** (0.0183)	0.0709 (0.7231)
Norm_1	-0.0792** (0.0205)	-0.3113*** (0.0086)	-0.2066*** (0.0098)	-0.0220* (0.0846)	-0.1464 (0.1044)	0.0456 (0.8667)
Norm_2	-0.0233** (0.0397)	-0.0992** (0.0276)	-0.0794* (0.0977)	-0.0236* (0.0548)	-0.1034* (0.0683)	-0.0765 (0.2274)
Norm_3	0.0794* (0.0817)	0.3707*** (0.0084)	0.2391 (0.1129)	0.0291* (0.0840)	0.2289** (0.0292)	0.2365 (0.1671)
Norm_4	-0.0052 (0.4661)	-0.0487* (0.0555)	-0.0934 (0.2496)	-0.0008 (0.9401)	-0.0371 (0.5921)	0.0065 (0.2418)
<b>EA Monetary Policy Measures</b>						
CBPP2_1	-0.0571* (0.0819)	-0.1589 (0.1095)	-0.2594 (0.2631)	-0.0031 (0.6638)	0.0330 (0.4397)	0.1655 (0.3668)
CBPP2_2	0.0222 (0.5278)	0.2353** (0.0202)	0.1361* (0.0934)	-0.0027 (0.2815)	0.0429 (0.3490)	0.0931 (0.2677)

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Table 7 – continued from previous page

	Bonds			Equity		
	E-Asia	E-Europe	Latam	E-Asia	E-Europe	Latam
FG_EA	-0.0816** (0.0108)	-0.2785*** (0.0088)	-0.2400 (0.1608)	-0.0294** (0.0286)	-0.0980** (0.0403)	-0.0309 (0.3344)
PQE	-0.0424** (0.0251)	-0.1489** (0.0149)	-0.0952 (0.1228)	0.0048 (0.1361)	0.0482 (0.3455)	-0.0264 (0.6610)
CBPP3	0.0226** (0.0234)	0.1058*** (0.0029)	-0.0391** (0.0470)	-0.0223* (0.0745)	-0.0727 (0.2692)	-0.1564 (0.5701)
TLTRO1_1	-0.0148 (0.1329)	-0.0359 (0.4029)	-0.0709** (0.0278)	0.0511 (0.1631)	0.0791** (0.0190)	0.0338 (0.4182)
TLTRO1_2	-0.0658** (0.0119)	-0.1782** (0.0362)	-0.1959* (0.0997)	0.0226 (0.2479)	0.0287 (0.6299)	-0.0456 (0.5848)
PSPF	-0.0700** (0.0178)	-0.2860*** (0.0085)	-0.1110*** (0.0028)	-0.0139* (0.0573)	-0.0943* (0.0947)	0.0957 (0.1762)
TLTRO2	-0.0531** (0.0182)	-0.1466*** (0.0055)	-0.1859* (0.0950)	0.0065 (0.2052)	0.0245 (0.3127)	0.1346 (0.1935)
<b>UK Monetary Policy Measures</b>						
APF1_2	0.0417** (0.0497)	-0.0228 (0.5683)	0.1908 (0.2625)	0.0167 (0.2351)	-0.1311** (0.0300)	-0.0096 (0.8484)
APF1_3	0.1131** (0.0147)	0.1757** (0.0184)	0.3154 (0.1113)	0.0201** (0.0276)	0.0621** (0.0129)	0.0703 (0.1329)
APF2_2	0.0542* (0.0678)	0.1783** (0.0306)	0.1778* (0.0687)	0.0159** (0.0186)	0.1054* (0.0760)	-0.0375 (0.2875)
APF2_3	0.1377 (0.1014)	0.6668** (0.0203)	0.4321 (0.1055)	-0.0080 (0.3645)	0.0165 (0.4653)	-0.0233 (0.2599)
TFS	0.0239 (0.2822)	0.1385*** (0.0055)	0.1532 (0.1954)	0.0131* (0.0937)	0.0877** (0.0345)	0.1095 (0.1274)
<b>Pull and Push Factors</b>						
FX-Growth-Rate <sub>t-1</sub>	-0.0122* (0.0544)	-0.0198*** (0.0019)	-0.0392* (0.0933)	-0.0058* (0.0639)	-0.0146** (0.0216)	-0.0306* (0.0955)
Interest-Rate-Diff <sub>t-1</sub>	0.0065 (0.4294)	0.0095 (0.7014)	-0.0537 (0.1553)			
Stocks Returns <sub>t-1</sub>				0.5574** (0.0163)	2.2579** (0.0289)	3.4571 (0.1661)
VIX <sub>t-1</sub>	0.0024** (0.0254)	0.0050** (0.0302)	0.0110 (0.1683)	0.0000 (0.9735)	-0.0001 (0.8536)	-0.0037 (0.1741)
Oil-Prices <sub>t-1</sub>	0.0030** (0.0133)	0.0090** (0.0117)	0.0060* (0.0684)	0.0009*** (0.0068)	0.0040** (0.0203)	0.0035 (0.2631)
Observations	3017	2113	2150	3017	2113	2150
Countries	7	5	5	7	5	5

Fixed effects included but not reported.

Heteroscedasticity robust standard errors included.

P-values in parenthesis. \* significant at 10% \*\* significant at 5% \*\*\* significant at 1%.

Table 8: Effects of Advanced Economies Monetary Policy Measures in EA Portfolio Flows to EMEs

	<b>Bonds</b>			<b>Equity</b>		
	E-Asia	E-Europe	Latam	E-Asia	E-Europe	Latam
<b>US Expansionary Measures</b>						
QE2_1	0.0361*** (0.0050)	0.0341 (0.3619)	0.0599 (0.5219)	0.0024** (0.0236)	0.0025 (0.4458)	0.0102 (0.3901)
QE2_2	0.0451*** (0.0060)	0.0915 (0.1743)	0.1038 (0.3750)	0.0058 (0.1341)	0.0295** (0.0419)	0.0061 (0.5508)
QE2_3	0.0270** (0.0409)	0.0931** (0.0213)	0.1302 (0.1344)	0.0201* (0.0524)	0.0527 (0.1016)	0.0513 (0.1300)
QE2_4	0.0543** (0.0144)	0.1427*** (0.0090)	0.1963 (0.1201)	0.0061** (0.0271)	0.0700 (0.1034)	0.0625 (0.2207)
QE2_5	0.0227** (0.0109)	0.0677*** (0.0048)	0.0880** (0.0391)	0.0050** (0.0173)	0.0250* (0.0672)	0.0374 (0.2317)
OT_1	-0.1387** (0.0404)	-0.5751** (0.0202)	-0.5667 (0.1055)	-0.0148 (0.1718)	-0.0607** (0.0214)	-0.0447 (0.1834)
OT_2	0.0381* (0.0554)	0.1405** (0.0149)	0.0960 (0.1125)	-0.0041** (0.0485)	-0.0238 (0.1074)	0.0124 (0.6578)
FG_1	-0.0732** (0.0357)	-0.2881** (0.0426)	-0.3790 (0.1179)	-0.0011 (0.3994)	-0.0898 (0.3142)	-0.0336 (0.2402)
FG_2	0.0362* (0.0511)	0.0095 (0.8685)	0.0501 (0.4621)	0.0081** (0.0236)	0.0533 (0.2058)	0.0508 (0.4038)
QE3_1	-0.0087** (0.0218)	-0.0547** (0.0230)	-0.0303 (0.1751)	0.0011 (0.6072)	0.0225 (0.1408)	0.0281 (0.4066)
QE3_2	0.0139** (0.0133)	0.0253* (0.0946)	0.0209 (0.3605)	0.0078*** (0.0098)	0.0538** (0.0368)	0.0361 (0.1343)
<b>US Contractionary Measures</b>						
Taper_1	-0.0449** (0.0346)	-0.2767** (0.0460)	-0.0581 (0.1843)	-0.0056** (0.0132)	-0.0448** (0.0180)	-0.0342 (0.2524)
Taper_2	-0.1359** (0.0117)	-0.5836** (0.0289)	-0.1738* (0.0666)	-0.0133** (0.0188)	-0.0468* (0.0540)	-0.0814 (0.2112)
Norm_1	-0.0111** (0.0370)	-0.0378 (0.2544)	-0.0189** (0.0465)	0.0037* (0.0648)	-0.0008 (0.9818)	0.0201 (0.2144)
Norm_2	-0.0550* (0.0514)	-0.2760*** (0.0033)	-0.1584* (0.0763)	-0.0094* (0.0709)	-0.0513* (0.0764)	-0.0827 (0.1092)
Norm_3	0.0311* (0.0748)	0.1762*** (0.0085)	0.1208 (0.1111)	0.0057** (0.0175)	0.0450* (0.0537)	0.0418 (0.1688)
Norm_4	0.0226* (0.0778)	0.1129** (0.0470)	0.0837 (0.1469)	0.0028* (0.0716)	0.0167* (0.0624)	0.0367 (0.1213)
<b>EA Monetary Policy Measures</b>						
CBPP2_1	-0.0294** (0.0146)	-0.0324 (0.2307)	-0.1229 (0.1861)	-0.0090** (0.0102)	-0.0946 (0.1935)	-0.0884 (0.2823)
CBPP2_2	0.0041 (0.7168)	0.0677** (0.0440)	-0.0014 (0.9255)	0.0053 (0.1430)	0.0096 (0.3895)	-0.0150 (0.3836)

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Table 8 – continued from previous page

	Bonds			Equity		
	E-Asia	E-Europe	Latam	E-Asia	E-Europe	Latam
FG_EA	-0.0231** (0.0130)	-0.0866** (0.0168)	-0.0777* (0.0847)	-0.0094** (0.0468)	-0.0467* (0.0728)	-0.0370 (0.1667)
PQE	0.0287** (0.0296)	0.0532*** (0.0016)	-0.0068 (0.5509)	0.0012 (0.1102)	0.0058 (0.6614)	0.0110 (0.4846)
CBPP3	0.0068 (0.1824)	0.0393 (0.1637)	-0.0055 (0.5143)	-0.0024* (0.0926)	-0.0305** (0.0153)	-0.0567 (0.4444)
TLTRO1_1	0.0294** (0.0161)	0.4564** (0.0499)	0.0029 (0.8785)	0.0032** (0.0323)	0.0153 (0.2071)	0.0058 (0.7319)
TLTRO1_2	0.0305** (0.0329)	0.1782** (0.0122)	-0.0145 (0.4891)	0.0055 (0.2976)	-0.0040 (0.7634)	0.0076 (0.6366)
PSPF	0.0054 (0.1703)	0.0385 (0.4757)	-0.0152 (0.1811)	-0.0019 (0.1865)	-0.0041 (0.7164)	-0.0111 (0.3254)
TLTRO2	0.0224 (0.1811)	0.1326*** (0.0060)	0.0309** (0.0322)	-0.0049** (0.0283)	-0.0501* (0.0509)	-0.0261 (0.5796)
<b>UK Monetary Policy Measures</b>						
APF1_2	0.0444** (0.0148)	0.0667*** (0.0044)	0.2161 (0.1049)	0.0050** (0.0334)	0.0436* (0.0536)	0.0375* (0.0906)
APF1_3	0.0119 (0.1185)	0.1000* (0.0626)	0.0157 (0.4242)	0.0081** (0.0177)	0.0489 (0.1223)	0.0247 (0.4369)
APF2_2	0.0686** (0.0169)	0.1557*** (0.0073)	0.1745 (0.1211)	0.0057 (0.1116)	0.0554 (0.1585)	0.0386 (0.4526)
APF2_3	0.0378* (0.0534)	0.1604** (0.0180)	0.0941* (0.0737)	0.0004 (0.7945)	-0.0192 (0.2868)	0.0061 (0.7130)
TFS	0.0051 (0.3110)	0.0129 (0.4912)	0.0517 (0.1212)	0.0042* (0.0523)	0.0033 (0.8900)	0.0265** (0.0326)
<b>Pull and Push Factors</b>						
FX-Growth-Rate <sub>t-1</sub>	-0.0083** (0.0432)	-0.0203*** (0.0034)	-0.0246* (0.0818)	-0.0017 (0.1070)	-0.0043** (0.0420)	-0.0067 (0.1411)
Interest-Rate-Diff <sub>t-1</sub>	-0.0015 (0.4187)	0.0006 (0.8318)	-0.0116 (0.1829)			
Stocks Returns <sub>t-1</sub>				0.0733** (0.0295)	0.4332 (0.1747)	0.5483 (0.1452)
VIX <sub>t-1</sub>	-0.0002 (0.5574)	-0.0045*** (0.0069)	0.0004 (0.7550)	-0.0002** (0.0313)	-0.0010** (0.0257)	-0.0009 (0.1130)
Oil-Prices <sub>t-1</sub>	0.0002 (0.2484)	0.0001 (0.8765)	-0.0004 (0.4822)	0.0001** (0.0286)	0.0011 (0.1005)	0.0006 (0.2187)
Observations	3017	2113	2150	3017	2113	2150
Countries	7	5	5	7	5	5

Fixed effects included but not reported.

Heteroscedasticity robust standard errors included.

P-values in parenthesis. \* significant at 10% \*\* significant at 5% \*\*\* significant at 1%.

Table 9: Effects of Advanced Economies Monetary Policy Measures in UK Portfolio Flows to EMEs

	<b>Bonds</b>			<b>Equity</b>		
	E-Asia	E-Europe	Latam	E-Asia	E-Europe	Latam
<b>US Expansionary Measures</b>						
QE2_1	0.0036** (0.0189)	0.0108** (0.0295)	0.0073 (0.3979)	0.0004 (0.4252)	0.0002 (0.5607)	0.0002 (0.6504)
QE2_2	0.0445** (0.0269)	0.1623** (0.0154)	0.2046 (0.1535)	0.0020 (0.5968)	-0.0005 (0.5673)	0.0007 (0.4263)
QE2_3	0.0396** (0.0362)	0.1415** (0.0131)	0.1798 (0.1366)	-0.0004 (0.1458)	0.0012* (0.0861)	0.0007 (0.1450)
QE2_4	0.0133** (0.0338)	0.0489** (0.0122)	0.0482 (0.1525)	0.0012* (0.0689)	0.0075 (0.1807)	0.0075 (0.2827)
QE2_5	0.0003 (0.8311)	0.0050** (0.0455)	-0.0027 (0.1990)	0.0018** (0.0413)	0.0103* (0.0830)	0.0088 (0.2258)
OT_1	-0.0070 (0.1239)	-0.0223** (0.0399)	-0.0343 (0.2130)	0.0006*** (0.0097)	0.0018 (0.2905)	0.0037 (0.1001)
OT_2	-0.0020* (0.0678)	-0.0050 (0.3587)	-0.0133 (0.3981)	-0.0017*** (0.0038)	0.0001 (0.9044)	-0.0026 (0.2462)
FG_1	0.0103* (0.0832)	0.0531*** (0.0047)	0.0356** (0.0293)	0.0026* (0.0564)	0.0114 (0.1833)	0.0051 (0.1222)
FG_2	0.0064 (0.2188)	0.0266** (0.0296)	0.0207 (0.1303)	0.0001 (0.6596)	0.0015 (0.3737)	-0.0064 (0.1710)
QE3_1	-0.0065** (0.0331)	-0.0250** (0.0311)	-0.0247 (0.2624)	0.0023** (0.0417)	0.0025 (0.4745)	0.0054 (0.1505)
QE3_2	-0.0125** (0.0280)	-0.0605** (0.0150)	-0.0591 (0.1830)	0.0040** (0.0308)	0.0086* (0.0518)	0.0130 (0.1386)
<b>US Contractionary Measures</b>						
Taper_1	0.0120** (0.0430)	0.0535* (0.0923)	0.0034 (0.6346)	0.0011** (0.0159)	0.0019 (0.1782)	0.0011 (0.1852)
Taper_2	-0.0382** (0.0339)	-0.1748** (0.0266)	-0.0586 (0.1299)	-0.0015** (0.0324)	-0.0033 (0.1497)	-0.0050 (0.1668)
Norm_1	-0.0138** (0.0309)	-0.0566** (0.0145)	-0.0339** (0.0189)	-0.0004 (0.1127)	0.0005 (0.3419)	0.0008 (0.3347)
Norm_2	-0.0041** (0.0332)	-0.0236*** (0.0083)	-0.0046 (0.2785)	-0.0011 (0.2873)	0.0049 (0.1599)	0.0104 (0.1734)
Norm_3	0.0042 (0.1095)	0.0163*** (0.0070)	0.0279 (0.1127)	0.0008 (0.1149)	0.0025** (0.0100)	0.0157 (0.1541)
Norm_4	0.0023 (0.1550)	0.0113** (0.0266)	0.0146 (0.1550)	0.0009 (0.5022)	0.0054* (0.0640)	0.0056 (0.2149)
<b>EA Monetary Policy Measures</b>						
CBPP2_1	-0.0135** (0.0437)	-0.0353* (0.0746)	-0.0595 (0.2352)	0.0010* (0.0692)	0.0009 (0.6905)	0.0117 (0.1569)
CBPP2_2	-0.0083** (0.0149)	-0.0171* (0.0603)	-0.0375 (0.2306)	0.0001 (0.9176)	-0.0005 (0.8562)	0.0020* (0.0839)

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Table 9 – continued from previous page

	Bonds			Equity		
	E-Asia	E-Europe	Latam	E-Asia	E-Europe	Latam
FG_EA	-0.0601** (0.0313)	-0.2692** (0.0257)	-0.0866 (0.1144)	0.0000 (0.9181)	0.0003 (0.8463)	0.0022 (0.2536)
PQE	-0.0052* (0.0836)	-0.0191 (0.2112)	-0.0106 (0.1369)	0.0003 (0.2615)	-0.0018 (0.1154)	-0.0022 (0.1473)
CBPP3	0.0000 (0.9639)	-0.0035 (0.3724)	-0.0088** (0.0349)	-0.0006* (0.0897)	-0.0024 (0.2119)	-0.0035 (0.2639)
TLTRO1_1	0.0038** (0.0256)	0.0157** (0.0287)	-0.0039 (0.2275)	0.0029** (0.0453)	0.0048** (0.0942)	-0.0438 (0.1241)
TLTRO1_2	0.0011 (0.4390)	0.0056 (0.5317)	-0.0173 (0.1381)	-0.0034** (0.0194)	-0.0098* (0.0678)	-0.0155 (0.1535)
PSPF	-0.0018* (0.0702)	-0.0115 (0.1703)	-0.0062 (0.1105)	-0.0037** (0.0163)	-0.0068 (0.1209)	-0.0127 (0.1471)
TLTRO2	-0.0124** (0.0144)	-0.0379** (0.0167)	-0.0325* (0.0981)	-0.0004 (0.1031)	0.0045* (0.0711)	0.0267* (0.0895)
<b>UK Monetary Policy Measures</b>						
APF1_2	-0.0070** (0.0184)	-0.0236* (0.0591)	-0.0429 (0.1800)	0.0006 (0.1157)	-0.0005** (0.0446)	0.0008 (0.1707)
APF1_3	-0.0135** (0.0354)	-0.0350** (0.0393)	-0.0856 (0.1606)	-0.0006 (0.2058)	-0.0009* (0.0681)	-0.0005 (0.5017)
APF2_2	0.0388* (0.0531)	0.1256** (0.0119)	0.1302 (0.1173)	0.0065** (0.0454)	0.0045* (0.0568)	0.0036 (0.2881)
APF2_3	-0.0116** (0.0138)	-0.0372** (0.0214)	-0.0387 (0.2021)	0.0010 (0.2835)	-0.0076 (0.1573)	-0.0031 (0.2157)
TFS	0.0001 (0.9805)	0.0096* (0.0637)	0.0216 (0.1665)	-0.0017** (0.0380)	-0.0046* (0.0545)	0.0083 (0.1037)
<b>Pull and Push Factors</b>						
FX-Growth-Rate <sub>t-1</sub>	-0.0021* (0.0588)	-0.0030** (0.0346)	-0.0050* (0.0775)	-0.0002** (0.0308)	-0.0002 (0.3050)	-0.0004** (0.0468)
Interest-Rate-Diff <sub>t-1</sub>	0.0006 (0.4333)	0.0005 (0.8374)	-0.0085* (0.0527)			
Stocks Returns <sub>t-1</sub>				0.0218** (0.0276)	0.0545 (0.2255)	0.0484 (0.1989)
VIX <sub>t-1</sub>	0.0002** (0.0494)	0.0005 (0.2706)	0.0015 (0.2559)	0.0000* (0.0740)	0.0001 (0.1904)	0.0001 (0.3108)
Oil-Prices <sub>t-1</sub>	0.0002* (0.0846)	0.0011** (0.0155)	0.0008 (0.1041)	0.0000 (0.1773)	0.0001** (0.0301)	0.0000 (0.1231)
Observations	3017	2113	2150	3017	2113	2150
Countries	7	5	5	7	5	5

Fixed effects included but not reported.

Heteroscedasticity robust standard errors included.

P-values in parenthesis. \* significant at 10% \*\* significant at 5% \*\*\* significant at 1%.

Table 10: Effects of Advanced Economies Monetary Policy Measures in US Portfolio Flows to EMEs

	<b>Bonds</b>			<b>Equity</b>		
	E-Asia	E-Europe	Latam	E-Asia	E-Europe	Latam
<b>US Expansionary Measures</b>						
QE2_1	0.0615** (0.0248)	0.1315 (0.1062)	0.0694 (0.2441)	0.0369** (0.0196)	0.2137*** (0.0003)	0.0490 (0.3820)
QE2_2	0.0563*** (0.0041)	0.2903*** (0.0019)	0.0652** (0.0202)	-0.0067 (0.4407)	-0.0057 (0.7390)	0.0403 (0.2205)
QE2_3	0.0617** (0.0123)	0.2249*** (0.0013)	0.1386*** (0.0002)	0.0324** (0.0260)	0.1235*** (0.0003)	-0.0112 (0.8640)
QE2_4	0.0738*** (0.0066)	0.3424*** (0.0000)	0.1342** (0.0397)	0.0550*** (0.0036)	0.1713*** (0.0006)	0.0214*** (0.0001)
QE2_5	0.2229** (0.0165)	0.8877*** (0.0000)	0.4650** (0.0212)	0.0323** (0.0169)	0.0477 (0.1440)	0.0098*** (0.0002)
OT_1	-0.1237 (0.1491)	-0.6668*** (0.0051)	-0.4484* (0.0815)	0.0369* (0.0855)	0.0999*** (0.0009)	0.0402*** (0.0000)
OT_2	-0.0351** (0.0205)	-0.1527* (0.0792)	-0.0491** (0.0119)	-0.0136 (0.1298)	-0.0424 (0.3142)	-0.0362 (0.1905)
FG_1	0.0490** (0.0302)	0.2824*** (0.0000)	0.1247*** (0.0000)	0.0281*** (0.0031)	0.1234** (0.0447)	0.0378 (0.3947)
FG_2	0.0120** (0.0153)	0.1659*** (0.0013)	0.1977* (0.0935)	0.0179** (0.0416)	0.0880* (0.0614)	0.0472 (0.4063)
QE3_1	0.0733** (0.0396)	0.2874*** (0.0073)	0.2435** (0.0107)	0.0221*** (0.0036)	0.1854*** (0.0012)	0.0195 (0.5080)
QE3_2	-0.0096 (0.1086)	-0.0327 (0.3279)	0.0094 (0.4812)	0.0497** (0.0417)	0.0854** (0.0179)	-0.0012 (0.9126)
<b>US Contractionary Measures</b>						
Taper_1	-0.0318* (0.0825)	-0.1700*** (0.0000)	-0.0130 (0.6260)	-0.0228*** (0.0000)	-0.0482*** (0.0091)	-0.0236 (0.2930)
Taper_2	-0.2156** (0.0441)	-0.9145*** (0.0043)	-0.2005*** (0.0001)	-0.0216*** (0.0063)	-0.2546*** (0.0001)	-0.0143 (0.1133)
Norm_1	-0.0515** (0.0285)	-0.2258*** (0.0000)	-0.1614*** (0.0003)	-0.0182 (0.1118)	-0.0470*** (0.0000)	-0.0443** (0.0307)
Norm_2	-0.0190 (0.1271)	-0.0252 (0.5419)	-0.0827*** (0.0000)	-0.0224** (0.0372)	-0.0647 (0.2998)	-0.0355 (0.5261)
Norm_3	0.0633 (0.1398)	0.3738*** (0.0050)	0.1104 (0.1333)	0.0266* (0.0650)	0.2033*** (0.0085)	0.0905** (0.0141)
Norm_4	-0.0093 (0.4659)	0.0385 (0.3284)	-0.0449*** (0.0026)	0.0048 (0.3219)	0.0303*** (0.0000)	0.0096 (0.3193)
<b>EA Monetary Policy Measures</b>						
CBPP2_1	-0.0364 (0.4671)	-0.1052 (0.2006)	-0.0852 (0.2618)	-0.0058 (0.2870)	0.0254 (0.5122)	-0.0241 (0.2375)
CBPP2_2	0.0025 (0.6107)	0.2358*** (0.0000)	0.1411** (0.0127)	0.0001 (0.9631)	0.0161 (0.6492)	0.0039 (0.1337)

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Table 10 – continued from previous page

	Bonds			Equity		
	E-Asia	E-Europe	Latam	E-Asia	E-Europe	Latam
FG_EA	-0.0822*** (0.0086)	-0.3147*** (0.0000)	-0.1111*** (0.0000)	-0.0296** (0.0203)	-0.1027** (0.0147)	-0.0274 (0.3290)
PQE	-0.0120*** (0.0001)	-0.1589*** (0.0000)	-0.0620* (0.0948)	0.0029 (0.3080)	0.0667 (0.1173)	0.0343 (0.3900)
CBPP3	0.0405*** (0.0008)	0.1430*** (0.0000)	-0.0070 (0.5257)	-0.0214 (0.1192)	-0.0774 (0.2948)	0.0571 (0.3747)
TLTRO1_1	-0.0065 (0.5648)	-0.0556 (0.3390)	-0.0370*** (0.0071)	0.0175 (0.1108)	0.0843*** (0.0000)	-0.0045 (0.5117)
TLTRO1_2	-0.0463** (0.0493)	-0.0398*** (0.0000)	-0.1319 (0.1342)	-0.0066 (0.3405)	0.0815* (0.0916)	-0.0083 (0.6096)
PSPF	-0.0618** (0.0381)	-0.1856*** (0.0019)	-0.0572** (0.0167)	-0.0110 (0.1024)	-0.0562*** (0.0002)	-0.0056* (0.0812)
TLTRO2	-0.0399** (0.0295)	-0.0207 (0.5401)	-0.1556* (0.0640)	0.0063 (0.2236)	0.0154 (0.3587)	0.0498 (0.2158)
<b>UK Monetary Policy Measures</b>						
APF1_2	0.0163 (0.3209)	0.0151 (0.8066)	0.1308 (0.4012)	0.0084 (0.1638)	-0.0791** (0.0112)	-0.0063 (0.1172)
APF1_3	0.1078** (0.0134)	0.2030*** (0.0018)	0.1675*** (0.0001)	0.0115*** (0.0004)	0.0357 (0.1645)	0.0001 (0.9938)
APF2_2	0.0258 (0.2079)	0.0713 (0.1628)	0.1317 (0.1761)	0.0115** (0.0333)	0.0824 (0.1109)	-0.0023 (0.7426)
APF2_3	0.1024 (0.1361)	0.5638*** (0.0014)	0.3547* (0.0710)	-0.0111 (0.3206)	0.0165 (0.5424)	-0.0046* (0.0642)
TFS	0.0042 (0.5712)	0.2089*** (0.0000)	0.1009 (0.1157)	0.0134* (0.0854)	0.0461* (0.0794)	0.0313** (0.0138)
<b>Pull and Push Factors</b>						
FX-Growth-Rate <sub>t-1</sub>	-0.0151** (0.0326)	-0.0164*** (0.0000)	-0.0376** (0.0434)	-0.0027*** (0.0001)	-0.0145*** (0.0032)	-0.0051*** (0.0021)
Interest-Rate-Diff <sub>t-1</sub>	0.0090 (0.5211)	-0.0067 (0.7879)	-0.0247 (0.4497)			
Stocks Returns <sub>t-1</sub>				0.4410*** (0.0055)	2.3754** (0.0130)	3.0576* (0.0841)
VIX <sub>t-1</sub>	0.0012 (0.2278)	-0.0023 (0.4989)	0.0044*** (0.0011)	0.0001 (0.6893)	-0.0003*** (0.0000)	-0.0011 (0.2100)
Oil-Prices <sub>t-1</sub>	0.0025*** (0.0021)	0.0077** (0.0464)	0.0023*** (0.0000)	0.0008*** (0.0002)	0.0031** (0.0236)	0.0013** (0.0257)
Observations	3017	2113	2150	3017	2113	2150
Countries	7	5	5	7	5	5

Mean Group Estimator Results. Fixed effects included but not reported.  
P-values in parenthesis. \* significant at 10% \*\* significant at 5% \*\*\* significant at 1%.

Table 11: Effects of Advanced Economies Monetary Policy Measures in EA Portfolio Flows to EMEs

	Bonds			Equity		
	E-Asia	E-Europe	Latam	E-Asia	E-Europe	Latam
<b>US Expansionary Measures</b>						
QE2_1	0.0301** (0.0106)	0.0331 (0.3757)	0.0111 (0.9078)	0.0014*** (0.0000)	0.0039* (0.0735)	0.0169 (0.1192)
QE2_2	0.0259*** (0.0078)	0.1067 (0.2300)	0.0846 (0.6350)	0.0008* (0.0888)	0.0138*** (0.0000)	0.0146* (0.0773)
QE2_3	0.0235** (0.0301)	0.0929*** (0.0003)	0.0698* (0.0937)	0.0133 (0.1814)	0.0479* (0.0760)	0.0531** (0.0446)
QE2_4	0.0463*** (0.0087)	0.1639*** (0.0000)	0.0632*** (0.0000)	0.0047*** (0.0000)	0.0170*** (0.0006)	0.0622 (0.1510)
QE2_5	0.0225*** (0.0023)	0.0727*** (0.0000)	0.0732*** (0.0053)	0.0040*** (0.0056)	0.0226** (0.0226)	0.0401 (0.1511)
OT_1	-0.1098** (0.0397)	-0.4315*** (0.0000)	-0.3315** (0.0281)	-0.0064** (0.0170)	-0.0406*** (0.0000)	-0.0472 (0.1077)
OT_2	0.0093 (0.1420)	0.1164*** (0.0001)	0.0548 (0.1923)	-0.0037** (0.0205)	-0.0250 (0.1399)	0.0116 (0.5697)
FG_1	-0.0629 (0.1049)	-0.2720*** (0.0000)	-0.3321* (0.0981)	-0.0011 (0.2584)	-0.0124 (0.3080)	-0.0363 (0.1355)
FG_2	0.0141* (0.0660)	-0.0093 (0.9093)	0.0544 (0.4270)	0.0064* (0.0685)	0.0111*** (0.0000)	0.0549 (0.3231)
QE3_1	-0.0117*** (0.0000)	-0.0393*** (0.0000)	-0.0289 (0.1694)	0.0002 (0.9199)	0.0091 (0.1516)	0.0293 (0.3372)
QE3_2	0.0141*** (0.0063)	0.0019 (0.9298)	0.0207*** (0.0000)	0.0062** (0.0162)	0.0341*** (0.0000)	0.0362* (0.0666)
<b>US Contractionary Measures</b>						
Taper_1	-0.0406** (0.0458)	-0.2617** (0.0179)	-0.0142 (0.2261)	-0.0053*** (0.0038)	-0.0331*** (0.0000)	-0.0375 (0.1824)
Taper_2	-0.1336*** (0.0015)	-0.5186*** (0.0077)	-0.0996*** (0.0000)	-0.0112*** (0.0018)	-0.0361 (0.1264)	-0.0811 (0.1452)
Norm_1	-0.0061 (0.3467)	-0.0241 (0.4511)	-0.0057 (0.6104)	0.0024** (0.0335)	0.0259* (0.0947)	0.0256** (0.0393)
Norm_2	-0.0379** (0.0437)	-0.2741*** (0.0000)	-0.1487** (0.0473)	-0.0043 (0.1855)	-0.0507** (0.0299)	-0.0736* (0.0622)
Norm_3	0.0101 (0.2786)	0.1490*** (0.0032)	0.0523* (0.0905)	0.0050*** (0.0036)	0.0335** (0.0264)	0.0457 (0.1181)
Norm_4	0.0086 (0.1588)	0.0929** (0.0351)	0.0733 (0.1556)	0.0027* (0.0522)	0.0168*** (0.0094)	0.0387* (0.0581)
<b>EA Monetary Policy Measures</b>						
CBPP2_1	-0.0196*** (0.0087)	-0.0260 (0.2932)	-0.0430* (0.0814)	-0.0086*** (0.0009)	-0.0401** (0.0143)	-0.0925 (0.1994)
CBPP2_2	-0.0034 (0.5202)	0.0786*** (0.0000)	0.0051 (0.8949)	0.0026 (0.5479)	0.0080 (0.2704)	-0.0208 (0.1711)

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Table 11 – continued from previous page

	Bonds			Equity		
	E-Asia	E-Europe	Latam	E-Asia	E-Europe	Latam
FG_EA	-0.0215*** (0.0013)	-0.1018** (0.0255)	-0.0358*** (0.0000)	-0.0037*** (0.0027)	-0.0304*** (0.0004)	-0.0365* (0.0796)
PQE	0.0295*** (0.0087)	0.0525*** (0.0000)	0.0026 (0.5010)	0.0010 (0.1723)	0.0068 (0.6037)	0.0134 (0.3269)
CBPP3	0.0120** (0.0215)	0.0303 (0.1388)	0.0076 (0.2933)	-0.0027** (0.0173)	-0.0260*** (0.0005)	-0.0643 (0.3538)
TLTRO1_1	0.0325*** (0.0014)	0.4778** (0.0485)	0.0163 (0.3855)	0.0024* (0.0645)	0.0236*** (0.0015)	0.0065 (0.7077)
TLTRO1_2	0.0288** (0.0131)	0.2088*** (0.0023)	-0.0107 (0.5834)	0.0004 (0.6678)	-0.0041 (0.7946)	0.0077 (0.5115)
PSPF	0.0047 (0.4075)	0.0098 (0.6276)	-0.0052 (0.7251)	-0.0018 (0.1533)	-0.0013 (0.7566)	-0.0155* (0.0746)
TLTRO2	0.0019 (0.3667)	0.1494*** (0.0002)	0.0165 (0.1093)	-0.0032 (0.1064)	-0.0469** (0.0489)	-0.0268 (0.5462)
<b>UK Monetary Policy Measures</b>						
APF1_2	0.0460*** (0.0013)	0.0559*** (0.0001)	0.1152 (0.1430)	0.0035*** (0.0023)	0.0336** (0.0101)	0.0274* (0.0645)
APF1_3	0.0108 (0.1219)	0.0547*** (0.0084)	0.0015 (0.8870)	0.0076*** (0.0015)	0.0229** (0.0139)	0.0174 (0.5548)
APF2_2	0.0620*** (0.0046)	0.1309*** (0.0000)	0.1257* (0.0985)	0.0027 (0.1349)	0.0233** (0.0243)	0.0420 (0.3830)
APF2_3	0.0329* (0.0594)	0.1326*** (0.0000)	0.0875** (0.0306)	0.0015*** (0.0030)	-0.0175 (0.2724)	0.0055 (0.7327)
TFS	0.0042 (0.4597)	0.0149 (0.5037)	0.0328* (0.0764)	0.0028** (0.0103)	0.0191* (0.0887)	0.0221*** (0.0050)
<b>Pull and Push Factors</b>						
FX-Growth-Rate <sub>t-1</sub>	-0.0104*** (0.0097)	-0.0205*** (0.0000)	-0.0261** (0.0314)	-0.0008** (0.0385)	-0.0037*** (0.0000)	-0.0044* (0.0721)
Interest-Rate-Diff <sub>t-1</sub>	-0.0015 (0.5552)	0.0128 (0.2740)	-0.0083 (0.4372)			
Stocks Returns <sub>t-1</sub>				0.0412*** (0.0000)	0.2442*** (0.0072)	0.5199** (0.0376)
VIX <sub>t-1</sub>	-0.0001 (0.6466)	-0.0057*** (0.0006)	0.0005 (0.8313)	-0.0001*** (0.0000)	-0.0009*** (0.0004)	-0.0009** (0.0413)
Oil-Prices <sub>t-1</sub>	0.0001 (0.7586)	0.0006* (0.0937)	-0.0002 (0.3281)	0.0001*** (0.0006)	0.0004** (0.0113)	0.0009* (0.0873)
Observations	3017	2113	2150	3017	2113	2150
Countries	7	5	5	7	5	5

Mean Group Estimator Results. Fixed effects included but not reported.  
P-values in parenthesis. \* significant at 10% \*\* significant at 5% \*\*\* significant at 1%.

Table 12: Effects of Advanced Economies Monetary Policy Measures in UK Portfolio Flows to EMEs

	<b>Bonds</b>			<b>Equity</b>		
	E-Asia	E-Europe	Latam	E-Asia	E-Europe	Latam
<b>US Expansionary Measures</b>						
QE2_1	0.0019 (0.2922)	0.0068* (0.0525)	0.0091 (0.3340)	0.0000 (0.4856)	0.0004 (0.3578)	0.0000 (0.8795)
QE2_2	0.0419** (0.0136)	0.1672*** (0.0020)	0.2042* (0.0805)	-0.0005 (0.2656)	0.0003*** (0.0019)	0.0003 (0.4093)
QE2_3	0.0370** (0.0276)	0.1406*** (0.0002)	0.1819* (0.0611)	-0.0004 (0.2397)	0.0008*** (0.0000)	0.0006** (0.0129)
QE2_4	0.0106** (0.0269)	0.0449*** (0.0000)	0.0493* (0.0826)	0.0004*** (0.0001)	0.0029** (0.0163)	0.0008 (0.1648)
QE2_5	-0.0002 (0.8666)	0.0011 (0.7718)	-0.0010 (0.5909)	0.0008*** (0.0000)	0.0092* (0.0798)	0.0011*** (0.0034)
OT_1	-0.0026 (0.1860)	-0.0179* (0.0570)	-0.0338 (0.1227)	0.0003*** (0.0053)	0.0014 (0.2717)	0.0028 (0.1815)
OT_2	-0.0027** (0.0138)	-0.0077 (0.1880)	-0.0169 (0.3105)	-0.0014*** (0.0000)	0.0009*** (0.0018)	-0.0005 (0.2914)
FG_1	0.0067** (0.0407)	0.0682*** (0.0000)	0.0339*** (0.0014)	0.0016*** (0.0080)	0.0040** (0.0481)	0.0010*** (0.0001)
FG_2	0.0015 (0.4802)	0.0196* (0.0694)	0.0211** (0.0213)	0.0000 (0.9155)	0.0005*** (0.0012)	-0.0022 (0.2341)
QE3_1	-0.0063** (0.0477)	-0.0343** (0.0417)	-0.0296 (0.1758)	0.0014*** (0.0000)	0.0026 (0.5579)	0.0018 (0.1864)
QE3_2	-0.0113* (0.0716)	-0.0611*** (0.0086)	-0.0657 (0.1065)	0.0026*** (0.0001)	0.0080** (0.0185)	0.0031*** (0.0000)
<b>US Contractionary Measures</b>						
Taper_1	0.0067** (0.0232)	0.0473* (0.0561)	-0.0029 (0.7012)	0.0007*** (0.0000)	0.0024** (0.0272)	0.0002 (0.4039)
Taper_2	-0.0326* (0.0700)	-0.1353*** (0.0025)	-0.0600* (0.0567)	-0.0013** (0.0137)	-0.0040 (0.1592)	-0.0015 (0.1341)
Norm_1	-0.0094 (0.1107)	-0.0455*** (0.0000)	-0.0268*** (0.0003)	-0.0003 (0.2751)	0.0006 (0.1432)	0.0003*** (0.0000)
Norm_2	-0.0037* (0.0795)	-0.0187*** (0.0005)	-0.0051*** (0.0000)	0.0000 (0.9747)	0.0034 (0.2769)	0.0046 (0.2296)
Norm_3	0.0009 (0.2792)	0.0160*** (0.0036)	0.0248* (0.0640)	0.0001 (0.1368)	0.0015*** (0.0001)	0.0067* (0.0879)
Norm_4	0.0003 (0.7774)	0.0110** (0.0137)	0.0123* (0.0507)	-0.0003*** (0.0003)	0.0044 (0.3207)	0.0017** (0.0101)
<b>EA Monetary Policy Measures</b>						
CBPP2_1	-0.0103 (0.1261)	-0.0290* (0.0815)	-0.0622 (0.1675)	0.0008 (0.1180)	0.0010 (0.6184)	0.0042 (0.2098)
CBPP2_2	-0.0071** (0.0109)	-0.0165** (0.0237)	-0.0382 (0.1828)	0.0008** (0.0111)	0.0006*** (0.0035)	0.0008*** (0.0058)

Continued on next page

Table 12 – continued from previous page

	Bonds			Equity		
	E-Asia	E-Europe	Latam	E-Asia	E-Europe	Latam
FG_EA	-0.0542** (0.0354)	-0.2317*** (0.0094)	-0.0872** (0.0482)	-0.0005* (0.0719)	0.0009 (0.4836)	0.0004** (0.0160)
PQE	-0.0009 (0.4040)	-0.0173 (0.2504)	-0.0079** (0.0399)	0.0003*** (0.0032)	-0.0006** (0.0386)	-0.0006 (0.1843)
CBPP3	0.0014*** (0.0000)	0.0007 (0.6060)	-0.0046** (0.0145)	-0.0002 (0.1208)	-0.0015 (0.4058)	-0.0005*** (0.0000)
TLTRO1_1	0.0048*** (0.0034)	0.0156** (0.0230)	0.0014 (0.6865)	0.0014*** (0.0000)	0.0040 (0.1664)	-0.0196* (0.0992)
TLTRO1_2	0.0018 (0.4188)	0.0210 (0.1403)	-0.0152* (0.0742)	-0.0024*** (0.0000)	-0.0095** (0.0329)	-0.0053 (0.1793)
PSPF	-0.0002 (0.4344)	-0.0015 (0.8814)	0.0010 (0.8529)	-0.0020*** (0.0001)	-0.0032** (0.0109)	-0.0059 (0.1106)
TLTRO2	-0.0102** (0.0117)	-0.0246*** (0.0048)	-0.0303* (0.0503)	-0.0002*** (0.0038)	0.0050* (0.0534)	0.0239 (0.2747)
<b>UK Monetary Policy Measures</b>						
APF1_2	-0.0071*** (0.0005)	-0.0266 (0.1055)	-0.0479* (0.0841)	0.0001 (0.1186)	0.0001 (0.8639)	0.0001** (0.0290)
APF1_3	-0.0130** (0.0294)	-0.0355*** (0.0079)	-0.0886* (0.0722)	-0.0003** (0.0140)	-0.0009*** (0.0002)	0.0001 (0.1045)
APF2_2	0.0359** (0.0341)	0.1165*** (0.0004)	0.1299** (0.0418)	0.0040*** (0.0000)	0.0039* (0.0872)	0.0007** (0.0314)
APF2_3	-0.0117*** (0.0035)	-0.0484*** (0.0086)	-0.0431 (0.1370)	0.0002 (0.7531)	-0.0040* (0.0975)	-0.0007 (0.2905)
TFS	-0.0004 (0.6804)	0.0140** (0.0403)	0.0234** (0.0371)	-0.0011*** (0.0088)	-0.0039** (0.0336)	0.0061 (0.3066)
<b>Pull and Push Factors</b>						
FX-Growth-Rate <sub>t-1</sub>	-0.0014** (0.0158)	-0.0017** (0.0164)	-0.0042** (0.0222)	-0.0002** (0.0163)	-0.0001 (0.5000)	-0.0002*** (0.0006)
Interest-Rate-Diff <sub>t-1</sub>	-0.0004 (0.7909)	0.0062 (0.1809)	-0.0072** (0.0260)			
Stocks Returns <sub>t-1</sub>				0.0120** (0.0183)	0.0225 (0.2585)	0.0214 (0.3938)
VIX <sub>t-1</sub>	0.0001 (0.5304)	-0.0003 (0.6568)	0.0015 (0.2090)	0.0000** (0.0186)	0.0000*** (0.0001)	0.0000 (0.3359)
Oil-Prices <sub>t-1</sub>	0.0002* (0.0669)	0.0009*** (0.0001)	0.0008** (0.0455)	0.0000 (0.1365)	0.0000*** (0.0000)	0.0000* (0.0968)
Observations	3017	2113	2150	3017	2113	2150
Countries	7	5	5	7	5	5

Mean Group Estimator Results. Fixed effects included but not reported.  
P-values in parenthesis. \* significant at 10% \*\* significant at 5% \*\*\* significant at 1%.

## A Summary Statistics

Table A.1: Bond and Equity Flows from US  
US Billions

Variable	Mean	Std. Dev.	Min.	Max.
<b>Asia</b>				
<b>Equity Inflows</b>				
India	-0.60	11.50	-60.25	101.97
Indonesia	-0.20	2.87	-11.62	13.36
Korea	-1.68	15.76	-76.71	55.68
Malaysia	-0.18	2.29	-12.63	9.00
Philippines	-0.31	1.92	-11.14	6.99
Thailand	-0.31	3.60	-14.90	17.97
Israel	-0.08	1.00	-6.89	12.98
<b>Bond Inflows</b>				
India	0.01	0.69	-3.40	2.90
Indonesia	0.33	2.77	-15.17	12.05
Korea	0.31	1.89	-9.83	7.12
Malaysia	0.14	1.45	-7.82	6.42
Philippines	0.12	0.95	-5.81	5.43
Thailand	0.02	0.66	-5.78	3.45
Israel	0.01	0.35	-2.70	1.58
<b>Emerging Europe</b>				
<b>Equity Inflows</b>				
Hungary	-0.04	0.29	-2.19	1.32
Poland	-0.18	1.02	-11.80	6.42
Russia	-0.67	5.32	-34.51	23.43
Turkey	-0.04	1.37	-9.50	7.48
South Africa	0.07	3.18	-11.54	14.24
<b>Bond Inflows</b>				
Hungary	0.23	1.45	-6.60	8.40
Poland	0.32	2.87	-14.26	13.11
Russia	0.63	3.90	-29.86	24.98
Turkey	0.24	2.52	-19.95	11.31
South Africa	0.19	2.01	-11.41	8.33
<b>Latin America</b>				
<b>Equity Inflows</b>				
Brazil	-0.24	6.98	-51.23	45.22
Chile	-0.05	0.79	-7.80	8.14
Colombia	-0.01	0.34	-4.03	3.70
Mexico	-0.09	2.70	-20.35	20.11
Peru	-0.01	0.43	-4.06	4.03
<b>Bond Inflows</b>				
Brazil	0.91	4.86	-27.22	23.35
Chile	0.01	0.83	-6.12	3.86
Colombia	0.14	1.70	-11.51	7.87
Mexico	0.68	5.52	-26.06	24.98
Peru	0.14	1.35	-8.78	6.63

Source: EPFR.

Table A.2: Bond and Equity Flows from Euro Area  
US Billions

Variable	Mean	Std. Dev.	Min.	Max.
<b>Asia</b>				
<b>Equity Inflows</b>				
India	2.02	85.53	-2.04	195.98
Indonesia	0.87	7.66	-0.04	26.89
Korea	3.56	47.60	-0.44	241.37
Malaysia	0.54	8.12	-0.06	62.50
Philippines	0.36	3.27	-17.45	12.93
Thailand	0.81	10.03	-70.24	138.74
Israel	0.51	2.77	-30.51	13.45
<b>Bond Inflows</b>				
India	0.01	0.69	-3.40	2.90
Indonesia	0.33	2.77	-15.17	12.05
Korea	0.31	1.89	-9.83	7.12
Malaysia	0.14	1.45	-7.82	6.42
Philippines	0.12	0.95	-5.81	5.43
Thailand	0.02	0.66	-5.78	3.45
Israel	0.01	0.35	-2.70	1.58
<b>Emerging Europe</b>				
<b>Equity Inflows</b>				
Hungary	-0.04	0.29	-2.19	1.32
Poland	-0.18	1.02	-11.80	6.42
Russia	-0.67	5.32	-34.51	23.43
Turkey	-0.04	1.37	-9.50	7.48
South Africa	0.07	3.18	-11.54	14.24
<b>Bond Inflows</b>				
Hungary	0.23	1.45	-6.60	8.40
Poland	0.32	2.87	-14.26	13.11
Russia	0.63	3.90	-29.86	24.98
Turkey	0.24	2.52	-19.95	11.31
South Africa	0.19	2.01	-11.41	8.33
<b>Latin America</b>				
<b>Equity Inflows</b>				
Brazil	-0.24	6.98	-51.23	45.22
Chile	-0.05	0.79	-7.80	8.14
Colombia	-0.01	0.34	-4.03	3.70
Mexico	-0.09	2.70	-20.35	20.11
Peru	-0.01	0.43	-4.06	4.03
<b>Bond Inflows</b>				
Brazil	0.91	4.86	-27.22	23.35
Chile	0.01	0.83	-6.12	3.86
Colombia	0.14	1.70	-11.51	7.87
Mexico	0.68	5.52	-26.06	24.98
Peru	0.14	1.35	-8.78	6.63

Source: EPFR.

Table A.3: Bond and Equity Flows from UK  
US Billions

Variable	Mean	Std. Dev.	Min.	Max.
<b>Asia</b>				
<b>Equity Inflows</b>				
India	-0.60	11.50	-60.25	101.97
Indonesia	-0.20	2.87	-11.62	13.36
Korea	-1.68	15.76	-76.71	55.68
Malaysia	-0.18	2.29	-12.63	9.00
Philippines	-0.31	1.92	-11.14	6.99
Thailand	-0.31	3.60	-14.90	17.97
Israel	-0.08	1.00	-6.89	12.98
<b>Bond Inflows</b>				
India	0.01	0.69	-3.40	2.90
Indonesia	0.33	2.77	-15.17	12.05
Korea	0.31	1.89	-9.83	7.12
Malaysia	0.14	1.45	-7.82	6.42
Philippines	0.12	0.95	-5.81	5.43
Thailand	0.02	0.66	-5.78	3.45
Israel	0.01	0.35	-2.70	1.58
<b>Emerging Europe</b>				
<b>Equity Inflows</b>				
Hungary	-0.04	0.29	-2.19	1.32
Poland	-0.18	1.02	-11.80	6.42
Russia	-0.67	5.32	-34.51	23.43
Turkey	-0.04	1.37	-9.50	7.48
South Africa	0.07	3.18	-11.54	14.24
<b>Bond Inflows</b>				
Hungary	0.23	1.45	-6.60	8.40
Poland	0.32	2.87	-14.26	13.11
Russia	0.63	3.90	-29.86	24.98
Turkey	0.24	2.52	-19.95	11.31
South Africa	0.19	2.01	-11.41	8.33
<b>Latin America</b>				
<b>Equity Inflows</b>				
Brazil	-0.24	6.98	-51.23	45.22
Chile	-0.05	0.79	-7.80	8.14
Colombia	-0.01	0.34	-4.03	3.70
Mexico	-0.09	2.70	-20.35	20.11
Peru	-0.01	0.43	-4.06	4.03
<b>Bond Inflows</b>				
Brazil	0.91	4.86	-27.22	23.35
Chile	0.01	0.83	-6.12	3.86
Colombia	0.14	1.70	-11.51	7.87
Mexico	0.68	5.52	-26.06	24.98
Peru	0.14	1.35	-8.78	6.63

Source: EPFR.

Table A.4: Exchange Rates and Interest Rates

Variable	Mean	Std. Dev.	Min.	Max.
<b>Exchange Rate in Local Currency per US Dollar</b>				
<b>Asia</b>				
India	52.26	9.09	39.29	68.61
Indonesia	10,504.77	1,726.50	8,488.40	14,680.60
Korea	1,096.23	104.93	907.52	1,544.92
Malaysia	3.53	0.40	2.96	4.49
Philippines	46.74	4.11	40.35	56.38
Thailand	34.07	3.06	28.75	41.89
Israel	3.89	0.33	3.25	4.73
<b>Europe</b>				
Hungary	221.08	36.03	145.50	299.17
Poland	3.20	0.44	2.04	4.24
Russia	36.76	14.14	23.24	79.45
Turkey	1.91	0.68	1.16	3.81
South Africa	9.15	2.70	5.65	16.73
<b>Latin America</b>				
Brazil	2.33	0.61	1.55	4.10
Chile	555.30	69.17	434.92	728.05
Colombia	2,228.97	424.53	1,681.08	3,396.79
Mexico	13.32	2.62	9.94	21.69
Peru	3.02	0.26	2.55	3.52
<b>Short-term Interest Rates in Percent<sup>a</sup></b>				
<b>Asia</b>				
India	7.92	1.72	4.34	12.64
Indonesia	7.86	2.23	4.18	14.63
Korea	3.15	1.26	1.27	6.09
Malaysia	3.27	0.46	2.11	3.92
Philippines	3.66	2.30	-0.83	8.32
Thailand	2.71	1.12	1.35	5.41
Israel	2.28	1.81	0.05	5.83
<b>Europe</b>				
Hungary	5.41	2.98	0.03	12.28
Poland	3.80	1.54	1.55	7.06
Russia	8.77	3.94	4.35	27.10
Turkey	12.10	4.54	4.76	24.20
South Africa	7.24	1.90	5.07	12.58
<b>Latam</b>				
Brazil	12.15	3.10	7.11	19.76
Chile	3.97	1.72	0.37	8.29
Colombia	5.75	2.06	1.62	10.04
Mexico	5.57	1.99	2.84	10.04
Peru	4.77	1.24	1.49	7.95

<sup>a</sup> 3-month money market or interbank rates.

Source: Bloomberg.

Table A.5: Government Bond Yields and EMBIs

Variable	Mean	Std. Dev.	Min.	Max.
<b>Government Bond Yields in Percent</b>				
<b>Asia</b>				
India	7.68	0.71	5.45	9.41
Indonesia	9.05	2.39	5.09	18.76
Korea	3.98	1.28	1.38	6.15
Malaysia	3.97	0.38	2.95	5.09
Philippines	7.61	3.19	2.82	13.36
Thailand	3.76	0.97	1.57	6.65
Israel	3.64	1.38	1.41	6.62
<b>Europe</b>				
Hungary	6.17	2.18	2.53	12.07
Poland	4.81	1.26	2.02	7.30
Russia	8.30	0.70	6.12	10.71
Turkey	3.76	0.97	1.57	6.65
South Africa	8.30	0.70	6.12	10.71
<b>Latam</b>				
Brazil	11.87	1.63	9.17	16.71
Chile	5.13	0.95	3.84	8.15
Colombia	8.15	1.97	4.76	13.54
Mexico	6.93	1.12	4.50	10.36
Peru	6.09	0.96	3.96	9.89
<b>EMBI in Basis Points</b>				
<b>Asia</b>				
India	182.19	54.78	109.00	373.75
Indonesia	275.90	127.99	139.40	1,097.80
Korea	N/A	N/A	N/A	N/A
Malaysia	149.73	67.99	66.25	456.00
Philippines	214.93	112.83	81.00	697.60
Thailand	52.83	6.89	37.75	67.40
Israel	N/A	N/A	N/A	N/A
<b>Europe</b>				
Hungary	226.12	149.56	8.20	702.20
Poland	124.37	69.66	42.40	374.00
Russia	249.81	134.61	90.00	889.80
Turkey	277.31	79.87	147.20	824.60
South Africa	215.96	107.48	52.80	771.20
<b>Latin America</b>				
Brazil	271.37	97.44	139.00	610.00
Chile	145.16	61.45	54.00	408.60
Colombia	225.16	90.30	98.40	674.60
Mexico	208.53	72.27	92.20	552.60
Peru	197.59	73.05	97.60	628.40

Source: Bloomberg and countries' central banks.

Table A.6: Government Bond Yields and EMBIs

Variable	Mean	Std. Dev.	Min.	Max.
<b>Stock Market Indices in logs</b>				
<b>Asia</b>				
India	9.98	0.22	9.53	10.41
Indonesia	8.35	0.24	7.63	8.70
Korea	8.31	0.09	7.98	8.56
Malaysia	7.38	0.12	6.98	7.54
Philippines	8.63	0.33	7.80	9.04
Thailand	7.11	0.26	6.35	7.45
Israel	7.17	0.14	6.75	7.45
<b>Europe</b>				
Hungary	9.98	0.22	9.60	10.59
Poland	10.76	0.14	10.31	11.08
Russia	7.36	0.16	6.80	7.72
Turkey	11.16	0.20	10.52	11.61
South Africa	10.49	0.25	9.89	10.87
<b>Latam</b>				
Brazil	10.96	0.13	10.54	11.25
Chile	9.90	0.11	9.60	10.24
Colombia	7.32	0.14	6.97	7.57
Mexico	10.60	0.15	10.07	10.85
Peru	9.69	0.21	9.10	10.07

Source: Bloomberg.

Table A.7: Foreign Variables or Push Factors

Variable	Units	Mean	Std. Dev.	Min.	Max.
VIX	Index	17.70	5.86	9.48	41.18
WTI Oil Price	USD per barrel	75.67	22.82	28.84	112.39
<b>Short-term Interest Rates</b>					
United States <sup>a</sup>	percent	0.26	0.27	0.07	1.22
Euro Area <sup>b</sup>	percent	0.15	0.41	-0.36	1.34
United Kingdom <sup>c</sup>	percent	0.62	0.19	0.28	1.14

<sup>a</sup> 3-month OIS rate.<sup>b</sup> 3-month Swap OIS rate.<sup>c</sup> 3-month libor rate.

Source: Bloomberg.

## B Monetary Policy Events

Table B.1: U.S. Monetary Policy Actions

Mnemonic	Explanation	Announcement Date	Dummy Date
QE2_1	"To help support economic recovery in the context of price stability, the Committee will keep the Federal Reserve's holdings of securities at their current level by reinvesting principal payments from agency debt and agency mortgage-backed securities in longer-term Treasury securities. The Committee will continue to roll over the Federal Reserve's holdings of Treasury securities as the mature."	10/08/2010	18/08/2010
QE2_2	Bernanke's speech at Jackson Hole: "The Committee is prepared to provide additional monetary accommodation through unconventional measures if it proves necessary, especially if the outlook were to deteriorate significantly."	27/08/2010	01/09/2010
QE2_3	The FOMC statement that indicated the Committee will maintain its existing policy of reinvesting principal payments from its securities holdings.	21/09/2010	29/09/2010
QE2_4	Bernanke's speech at Boston Fed: "there would appear-all else being equal-to be a case for further action."	15/10/2010	20/10/2010
QE2_5	QE2 announced: "The Committee intends to purchase a further \$600 billion of longer-term Treasury securities by the end of the second quarter of 2011, a pace of about \$75 billion per month."	03/11/2010	10/11/2010
FG_1	"Economic conditions...are likely to warrant exceptionally low levels for the federal funds rate for at least through mid-2013."	09/08/2011	17/08/2011
FG_2	"Economic conditions...are likely to warrant exceptionally low levels for the federal funds rate for at least through late 2014."	25/01/2012	01/02/2012
OT_1	Operation Twist begins: "To support a stronger economic recovery and to help ensure that inflation, over time, is at levels consistent with the dual mandate, the Committee decided today to extend the average maturity of its holdings of securities. The Committee intends to purchase, by the end of June 2012, \$400 billion of Treasury securities with remaining maturities of 6-30 years and to sell an equal amount of Treasury securities with remaining maturities of 3 years or less."	21/09/2011	28/09/2011
OT_2	Operation Twist extended: "The Committee also decided to continue through the end of the year its program to extend the average maturity of its holdings of securities."	20/06/2012	27/06/2012
QE3_1	QE3 announced: "If the outlook for the labor market does not improve substantially, the Committee will continue its purchase of agency MBS, undertake additional asset purchases, and employ its other policy tools as appropriate."	13/09/2012	19/09/2012
QE3_2	"The exceptionally low range for the federal funds rate will be appropriate at least as long as the unemployment rate remains above 6-1/2 percent, inflation between one and two years ahead is projected to be no more than half percentage point above the Committee's 2 percent longer-run goal, and longer-term inflation expectations continue to be well anchored."	12/12/2012	19/12/2012
Taper_1	Taper Tantrum by Bernanke: "In the next few meetings, we could take a step down in our pace of purchase."	22/05/2013	29/05/2013
Taper_2	Bernanke's press conference: "If we see continued improvement and we have confidence that that is going to be sustained, then in the next few meetings, we could take a step down in our pace of purchase."	19/06/2013	26/06/2013
Norm_1	First rate increase since the Financial Crisis.	16/12/2015	23/12/2015
Norm_2	Second-rate increase since the Financial Crisis.	14/12/2016	21/12/2016
Norm_3	Third rate increase since the Financial Crisis.	15/03/2017	22/03/2017
Norm_4	Fourth rate increase since the Financial Crisis. FOMC announces plan consisting in "reduc[ing] the Federal Reserve's securities holdings by decreasing reinvestment of principal payments from those securities."	14/06/2017	21/06/2017

Source: Federal Reserve Bank, Bloomberg and Park and Um (2016).

Table B.2: Euro Area Monetary Policy Actions

<b>Mnemonic</b>	<b>Explanation</b>	<b>Announcement Date</b>	<b>Dummy Date</b>
CBPP2_1	ECB announces a new covered bond purchase programme, for an intended amount of €40 billion.	06/10/2011	12/10/2011
CBPP2_2	ECB decides upon the technical modalities of the programme.	03/11/2011	09/11/2011
FG_EA	Draghi introduces forward guidance for interest rates: "The Governing Council expects the key ECB interest rates to remain at present or lower levels for an extended period of time."	04/07/2013	10/07/2013
PQE	ECB prepares groundwork for QE: "The Governing Council is committed – unanimously – to using both unconventional and conventional instruments to deal effectively with the risks of a too prolonged period of low inflation."	24/04/2014	30/04/2014
CBPP3	ECB announces programme to buy asset-backed securities and a broad portfolio of euro-denominated covered bonds.	02/10/2014	08/10/2014
TLTRO1_1	ECB decides to conduct a series of targeted longer-term refinancing operations, aimed at improving bank lending to the euro area non-financial private sector, excluding loans to households for house purchase, over a window of two years.	05/06/2014	11/06/2014
TLTRO1_2	ECB changes the interest rate applicable to future targeted longer-term refinancing operations to the Eurosystem's main refinancing operations prevailing at the time when each TLTRO is conducted.	22/01/2015	28/01/2015
PSPP	ECB begins to buy public sector securities, which include nominal and inflation-linked central government bonds, and bonds issued by recognised agencies, regional and local governments, international organisations, and multilateral development banks located in the euro area.	09/03/2015	11/03/2015
TLTRO2	ECB announces new series of targeted longer-term refinancing operations and adds corporate sector purchase programme to existing programmes, as well as announces changes to the asset purchase programme.	10/03/2016	16/03/2016

Source: European Central Bank and Bloomberg.

Table B.3: United Kingdom Monetary Policy Actions

<b>Mnemonic</b>	<b>Explanation</b>	<b>Announcement Date</b>	<b>Dummy Date</b>
APF1_2	BoE increases the scale of its asset purchase programme to a total of £175 billion, and the buying range will be extended to GILTs.	06/08/2009	12/08/2009
APF1_3	BoE increases the scale of its asset purchase programme to a total of £200 billion.	05/11/2009	11/11/2009
APF2_1	BoE increases the scale of its asset purchase programme to a total of £275 billion.	06/10/2011	12/10/2011
APF2_2	BoE increases the scale of its asset purchase programme to a total of £325 billion.	09/02/2012	15/02/2012
APF2_3	BoE increases the scale of its asset purchase programme to a total of £375 billion.	05/07/2012	11/07/2012
TFS	BoE introduces a new Term Funding Scheme, the purchase of up to £10 billion of UK corporate bonds; and an expansion of the asset purchase scheme for UK government bonds of £60 billion, taking the total stock of these asset purchases to £435 billion. The last three elements will be financed by the issuance of central bank reserves.	04/08/2016	10/08/2016

Source: Bank of England and Bloomberg.