Online appendix

for

"The Resilience of Central, Eastern and Southeastern Europe (CESEE) Countries During ECB's Monetary Cycles"

(not for publication)

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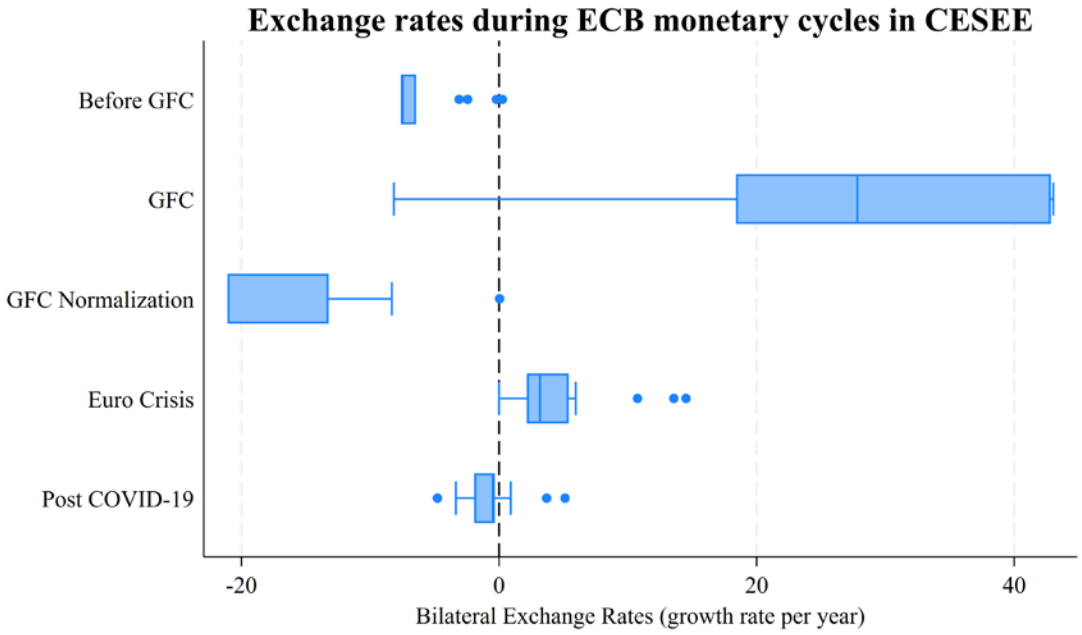
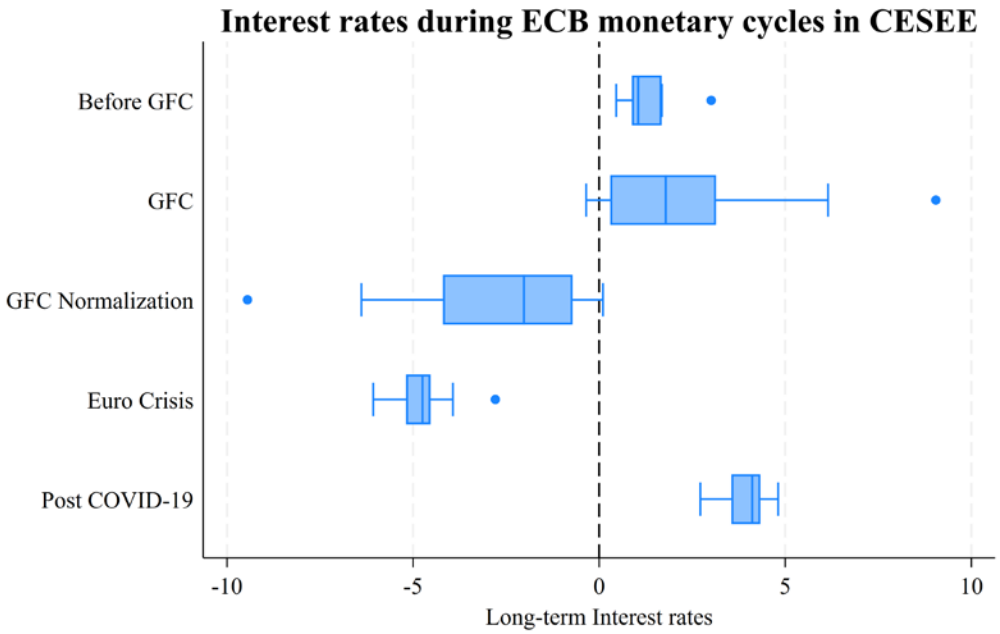
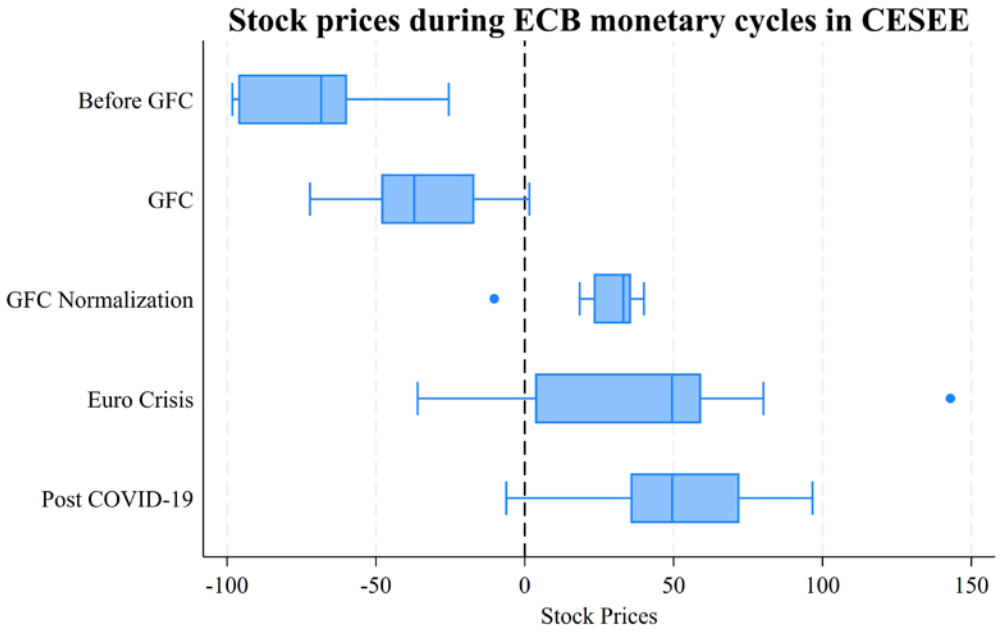
Appendix 1. Boxplot of the CESEE countries



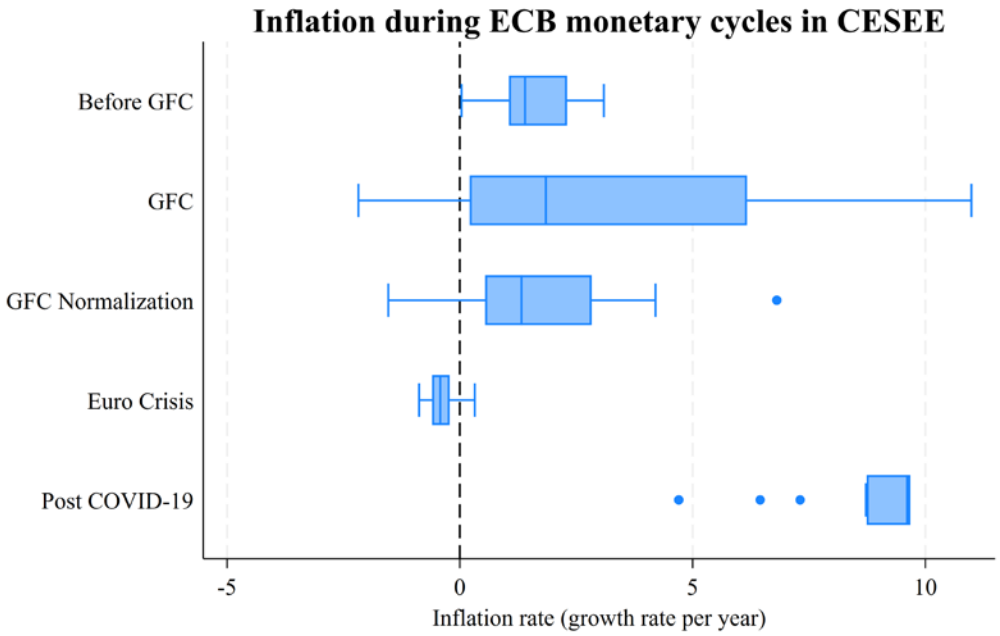
The variation over each cycle of the year-on-year growth rate of the bilateral exchange rate (1 USD = E Domestic currency unit) is represented in the box plot, expressed as percentage per year. The 21 CESEE countries are observed during the 5 monetary cycles, thus each country appears 5 times for a total of 105 possible observations.



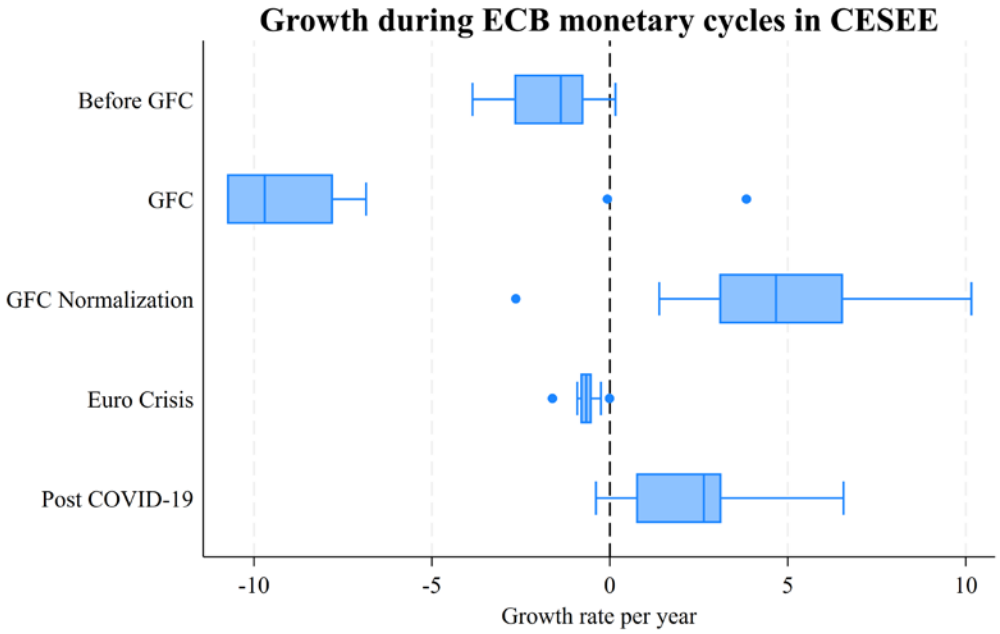
The variation over each cycle of the long-term interest rate is represented in the box plot, expressed as percentage. The 21 CESEE countries are observed during the 5 monetary cycles, thus each country appears 5 times for a total of 105 possible observations.



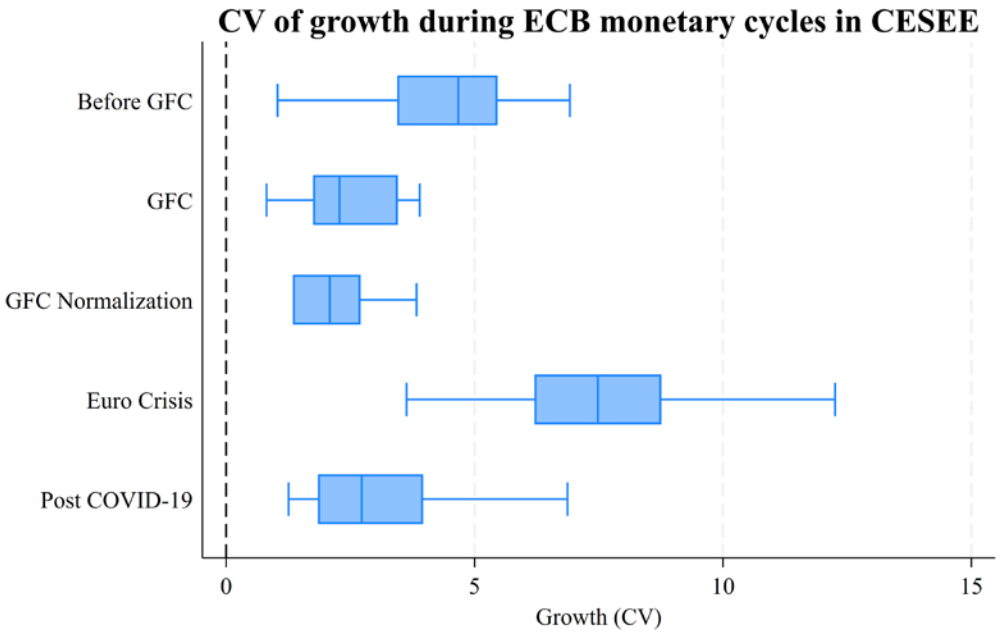
The variation over each cycle of the stock price index is represented in the box plot, expressed as percentage. The 21 CESEE countries are observed during the 5 monetary cycles, thus each country appears 5 times for a total of 105 possible observations.



The variation over each cycle of consumer price inflation is represented in the box plot, expressed as percentage per year. The 21 CESEE countries are observed during the 5 monetary cycles, thus each country appears 5 times for a total of 105 possible observations.



The variation over each cycle of real GDP growth is represented in the box plot, expressed as percentage per year. The 21 CESEE countries are observed during the 5 monetary cycles, thus each country appears 5 times for a total of 105 possible observations. Data available until July 2022.



The real GDP growth's coefficient of variation (computed as the ratio between the standard error and the mean) is represented in the box plot, expressed as percentage per year. The 21 CESEE countries are observed during the 5 monetary cycles, thus each country appears 5 times for a total of 105 possible observations. Data available until July 2022.

Appendix 2. Descriptive statistics for CESEE countries

Table 2.1. Descriptive statistics for CESEE countries over the five cycles (CIS included)

	Non-EU-CESEE (inc. CIS) 50 (47.6%)	EU-CESEE 55 (52.4%)	Total 105 (100.0%)	Test
Bilateral Exchange Rate	9.46 (40.65)	-1.01 (24.75)	4.03 (33.60)	0.113
Long-term interest rates	0.08 (1.93)	0.17 (3.13)	0.17 (3.06)	0.959
Stock prices	14.18 (62.62)	0.33 (55.66)	2.46 (56.49)	0.480
Consumer Price Inflation	6.17 (11.34)	6.49 (10.70)	6.35 (10.92)	0.891
Real GDP Growth	-0.50 (7.82)	-0.04 (8.42)	-0.18 (8.20)	0.819
Growth rate (CV)	4.04 (2.51)	3.97 (2.51)	4.00 (2.50)	0.904
Current Account Balance	-8.03 (10.60)	-5.95 (6.42)	-6.92 (8.64)	0.224
Reserve-to-GDP ratio	20.08 (8.21)	18.83 (10.51)	19.41 (9.48)	0.507
Net International Investment Position	-34.30 (28.24)	-55.66 (24.05)	-46.67 (27.85)	<0.001
Gov. Net Lending/Borrowing	-1.90 (3.38)	-2.34 (2.75)	-2.13 (3.06)	0.460
General Gov. Gross Debt	34.42 (16.28)	33.18 (19.04)	33.77 (17.70)	0.722
Consumer Price Inflation	7.55 (5.27)	4.63 (3.33)	5.98 (4.55)	0.001
Fuel Export on Total Exports in %	14.58 (18.45)	7.21 (5.78)	10.57 (13.59)	0.006
Fuel Import on Total Exports in %	16.04 (9.41)	12.62 (5.26)	14.18 (7.60)	0.024
Chinn-Ito index, normalized [0-100]	32.41 (20.67)	85.48 (19.81)	63.13 (33.11)	<0.001
Inflation Targeters dummy	0.24 (0.43)	0.35 (0.48)	0.30 (0.46)	0.241
Financial Development Index [0-100]	26.73 (12.42)	36.46 (10.83)	32.08 (12.50)	<0.001
Exchange Rate Stability Index [0-100]	42.74 (28.07)	54.34 (25.34)	50.25 (26.76)	0.055
Central Bank Independence [0-100]	73.80 (13.59)	81.81 (6.51)	78.25 (10.97)	<0.001
Households, loans and debt securities	14.04 (7.10)	27.42 (10.97)	23.72 (11.68)	<0.001
Overall Institutional Score [0-100]	67.94 (5.56)	76.78 (2.84)	73.66 (5.83)	<0.001
De facto Measure of Financial Openness	49.90 (23.71)	56.99 (19.35)	54.69 (20.98)	0.159

Frequency (Percent%). Mean (Standard deviation) Coefficient of Variation: p-value from a pooled t-test.
The Non EU-CESEE (inc. CIS) group is composed by the following 10 countries: 6 CESEE members not in the EU: Albania (ALB), Bosnia and Herzegovina (BIH), North Macedonia (MKD), Montenegro (MNE), Serbia (SRB), and Turkey (TUR) (Non-EU CESEE exc. CIS); 4 CESEE members in the Commonwealth of Independent States (CIS) group: Belarus (BLR), Moldova (MDA), Russia (RUS), and Ukraine (UKR).The EU-CESEE group is composed of the following 11 countries: Hungary (HUN), Slovak Republic (SVK), Slovenia (SVN), Czech Republic (CZE), Poland (POL), Estonia (EST), Latvia (LVA), and Lithuania (LTU) (EU accession in 2004), Bulgaria (BGR), Romania (ROU), and Croatia (HRV) (EU accession in 2007 and 2013).

Table 2.2. Descriptive statistics for CESEE countries over the five cycles (CIS excluded)

	Non-EU-CESEE (exc. CIS) 30 (35.3%)	EU-CESEE 55 (64.7%)	Total 85 (100.0%)	Test
Bilateral Exchange Rate	2.91 (32.56)	-1.01 (24.75)	0.39 (27.66)	0.537
Stock prices	22.86 (65.77)	0.33 (55.66)	2.21 (56.29)	0.396
Consumer Price Inflation	6.28 (10.88)	6.49 (10.70)	6.43 (10.69)	0.940
Real GDP Growth	1.07 (7.96)	-0.04 (8.42)	0.23 (8.27)	0.625
Growth rate (CV)	4.13 (2.76)	3.97 (2.51)	4.02 (2.56)	0.818
Current Account Balance	-11.60 (10.97)	-5.95 (6.42)	-7.85 (8.60)	0.004
Reserve-to-GDP ratio	20.58 (7.51)	18.83 (10.51)	19.42 (9.59)	0.435
Net International Investment Position	-45.90 (29.88)	-55.66 (24.05)	-53.06 (25.89)	0.150
Gov. Net Lending/Borrowing	-1.93 (2.71)	-2.34 (2.75)	-2.20 (2.72)	0.516
General Gov. Gross Debt	41.17 (14.58)	33.18 (19.04)	36.00 (17.92)	0.049
Consumer Price Inflation	5.20 (4.23)	4.63 (3.33)	4.82 (3.63)	0.510
Fuel Export on Total Exports in %	7.33 (5.83)	7.21 (5.78)	7.25 (5.76)	0.932
Fuel Import on Total Exports in %	13.02 (4.10)	12.62 (5.26)	12.75 (4.90)	0.738
Chinn-Ito index, normalized [0-100]	41.62 (21.42)	85.48 (19.81)	73.78 (28.02)	<0.001
Inflation Targeters dummy	0.33 (0.48)	0.35 (0.48)	0.34 (0.48)	0.912
Financial Development Index [0-100]	25.67 (10.83)	36.46 (10.83)	33.09 (11.88)	<0.001
Exchange Rate Stability Index [0-100]	25.27 (9.30)	54.34 (25.34)	49.87 (25.80)	<0.001
Central Bank Independence [0-100]	81.82 (5.29)	81.81 (6.51)	81.81 (6.13)	0.994
Households, loans and debt securities	14.45 (5.87)	27.42 (10.97)	25.26 (11.36)	<0.001
Overall Institutional Score [0-100]	66.61 (7.15)	76.78 (2.84)	75.22 (5.26)	<0.001
De facto Measure of Financial Openness	53.70 (21.97)	56.99 (19.35)	56.52 (19.59)	0.645

See footnote of Table 2.1.

Table 2.3. Descriptive statistics for EU-CESEE countries over the five cycles (versus CIS)

	CIS 20 (26.7%)	EU-CESEE 55 (73.3%)	Total 75 (100.0%)	Test
Bilateral Exchange Rate	19.28 (49.75)	-1.01 (24.75)	4.48 (34.22)	0.022
Long-term interest rates	0.08 (1.93)	0.17 (3.13)	0.17 (3.06)	0.959
Stock prices	5.49 (65.64)	0.33 (55.66)	0.76 (55.94)	0.846
Consumer Price Inflation	6.02 (12.26)	6.49 (10.70)	6.37 (11.01)	0.879
Real GDP Growth	-5.21 (5.51)	-0.04 (8.42)	-0.55 (8.29)	0.148
Growth rate (CV)	3.90 (2.16)	3.97 (2.51)	3.96 (2.44)	0.926
Current Account Balance	-3.03 (7.87)	-5.95 (6.42)	-5.17 (6.90)	0.106
Reserve-to-GDP ratio	19.38 (9.25)	18.83 (10.51)	18.98 (10.13)	0.838
Net International Investment Position	-22.69 (21.46)	-55.66 (24.05)	-46.87 (27.49)	<0.001
Gov. Net Lending/Borrowing	-1.84 (4.27)	-2.34 (2.75)	-2.21 (3.20)	0.552
General Gov. Gross Debt	24.30 (13.38)	33.18 (19.04)	30.81 (18.06)	0.059
Consumer Price Inflation	10.72 (4.94)	4.63 (3.33)	6.26 (4.66)	<0.001
Fuel Export on Total Exports in %	24.01 (24.41)	7.21 (5.78)	11.69 (15.27)	<0.001
Fuel Import on Total Exports in %	19.96 (12.61)	12.62 (5.26)	14.58 (8.47)	<0.001
Chinn-Ito index, normalized [0-100]	23.19 (15.48)	85.48 (19.81)	68.87 (33.42)	<0.001
Inflation Targeters dummy	0.10 (0.31)	0.35 (0.48)	0.28 (0.45)	0.037
Financial Development Index [0-100]	28.07 (14.35)	36.46 (10.83)	34.22 (12.35)	0.008
Exchange Rate Stability Index [0-100]	51.47 (30.34)	54.34 (25.34)	53.58 (26.58)	0.682
Central Bank Independence [0-100]	64.16 (14.31)	81.81 (6.51)	77.10 (12.05)	<0.001
Households, loans and debt securities	13.58 (8.56)	27.42 (10.97)	25.29 (11.72)	<0.001
Overall Institutional Score [0-100]	68.60 (4.64)	76.78 (2.84)	74.60 (4.97)	<0.001
De facto Measure of Financial Openness	47.90 (25.00)	56.99 (19.35)	54.81 (21.02)	0.121

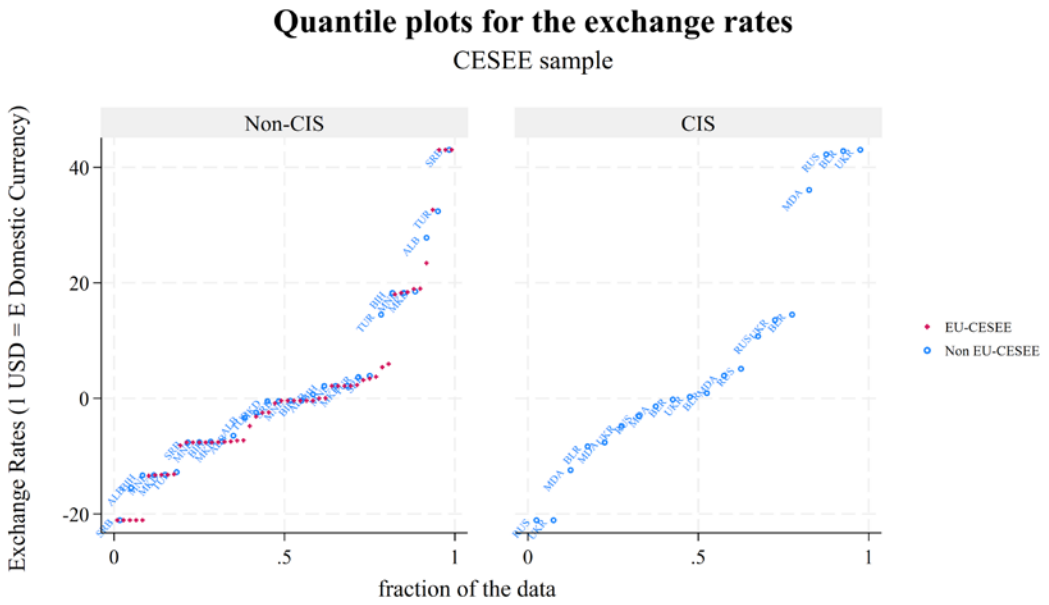
See footnote of Table 2.1.

Table 2.5 Descriptive statistics for CESEE countries that accessed the EU in 2004 over the five cycles

	NON-EU-CESEE in 2004 65 (61.9%)	EU-CESEE in 2004 40 (38.1%)	Total 105 (100.0%)	Test
Bilateral Exchange Rate	7.34 (37.60)	-1.28 (25.52)	4.03 (33.60)	0.205
Long-term interest rates	0.12 (3.12)	0.19 (3.08)	0.17 (3.06)	0.939
Stock prices	1.90 (58.18)	2.82 (56.15)	2.46 (56.49)	0.950
Consumer Price Inflation	6.13 (11.17)	6.65 (10.70)	6.35 (10.92)	0.822
Real GDP Growth	-0.16 (8.01)	-0.20 (8.48)	-0.18 (8.20)	0.981
Growth rate (CV)	3.99 (2.49)	4.00 (2.54)	4.00 (2.50)	0.984
Current Account Balance	-8.06 (9.96)	-5.11 (5.68)	-6.92 (8.64)	0.091
Reserve-to-GDP ratio	21.46 (8.36)	16.18 (10.32)	19.41 (9.48)	0.005
Net International Investment Position	-41.68 (29.86)	-53.53 (23.49)	-46.67 (27.85)	0.040
Gov. Net Lending/Borrowing	-1.98 (3.34)	-2.36 (2.55)	-2.13 (3.06)	0.539
General Gov. Gross Debt	33.56 (16.46)	34.12 (19.77)	33.77 (17.70)	0.876
Consumer Price Inflation	7.01 (4.99)	4.38 (3.23)	5.98 (4.55)	0.004
Fuel Export on Total Exports in %	13.50 (16.18)	6.09 (6.08)	10.57 (13.59)	0.007
Fuel Import on Total Exports in %	15.54 (8.57)	12.11 (5.25)	14.18 (7.60)	0.026
Chinn-Ito index, normalized [0-100]	45.92 (30.27)	86.80 (19.54)	63.13 (33.11)	<0.001
Inflation Targeters dummy	0.25 (0.43)	0.38 (0.49)	0.30 (0.46)	0.163
Financial Development Index [0-100]	28.99 (12.78)	36.72 (10.63)	32.08 (12.50)	0.002
Exchange Rate Stability Index [0-100]	44.95 (25.99)	56.21 (26.66)	50.25 (26.76)	0.052
Central Bank Independence [0-100]	75.85 (12.36)	81.79 (7.32)	78.25 (10.97)	0.007
Households, loans and debt securities	18.47 (10.07)	28.45 (11.09)	23.72 (11.68)	<0.001
Overall Institutional Score [0-100]	70.31 (5.97)	77.44 (2.29)	73.66 (5.83)	<0.001
De facto Measure of Financial Openness	48.05 (19.86)	61.32 (20.18)	54.69 (20.98)	0.004

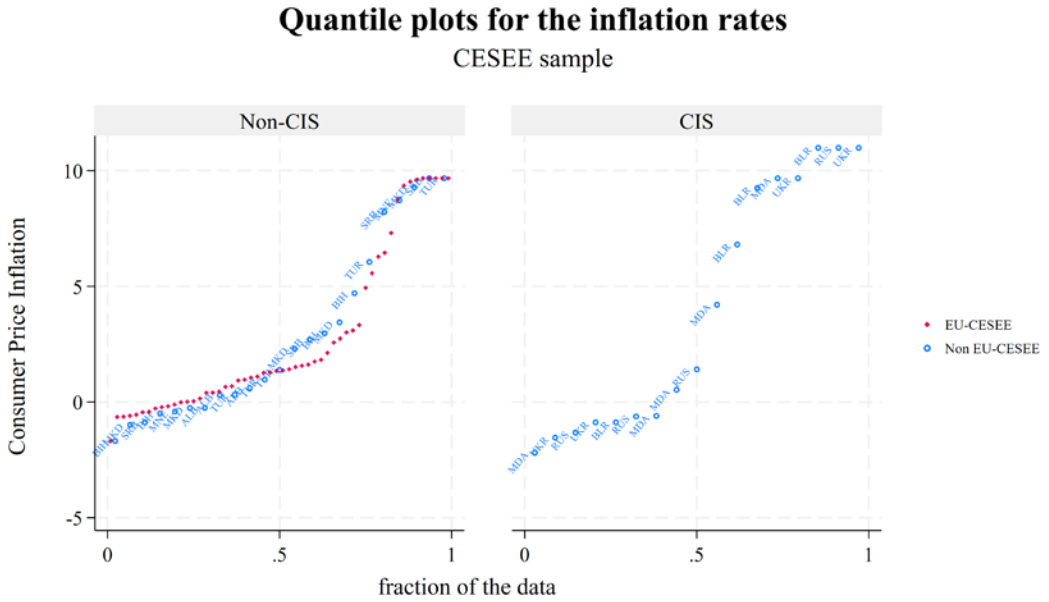
See note under Table 2.1. The "EU-CESEE in 2004" group is composed of the following 8 countries: Hungary (HUN), Slovak Republic (SVK), Slovenia (SVN), Czech Republic (CZE), Poland (POL), Estonia (EST), Latvia (LVA), and Lithuania (LTU) (EU accession in 2004). The other 13 countries are the countries that have not joined the EU in 2004.

Appendix 3. Quantiles plot for the CESEE countries



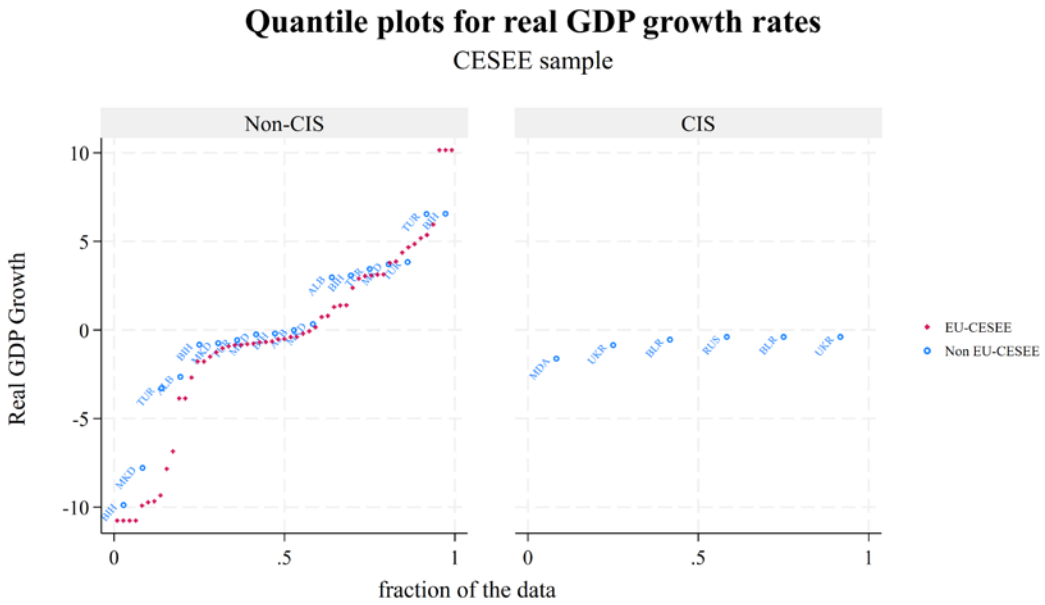
Exchange rates are windsorized and expressed in growth rates per year.

The variation over each cycle of the year-on-year growth rate of the bilateral exchange rate (1 USD = E Domestic currency unit) is represented in the quantile plot, expressed as percentage per year. The 21 CESEE countries are observed during the 5 monetary cycles, thus each country appears 5 times for a total of 105 possible observations.



Inflation rates are windsorized and expressed in growth rates per year.

The variation over each cycle of consumer price inflation is represented in the quantile plot, expressed as percentage per year. The 21 CESEE countries are observed during the 5 monetary cycles, thus each country appears 5 times for a total of 105 possible observations.



Real GDP growth rates are windsorized and expressed in growth rates per year.

The variation over each cycle of real GDP growth is represented in the quantile plot, expressed as percentage per year. The 21 CESEE countries are observed during the 5 monetary cycles, thus each country appears 5 times for a total of 105 possible observations. Data available until July 2022

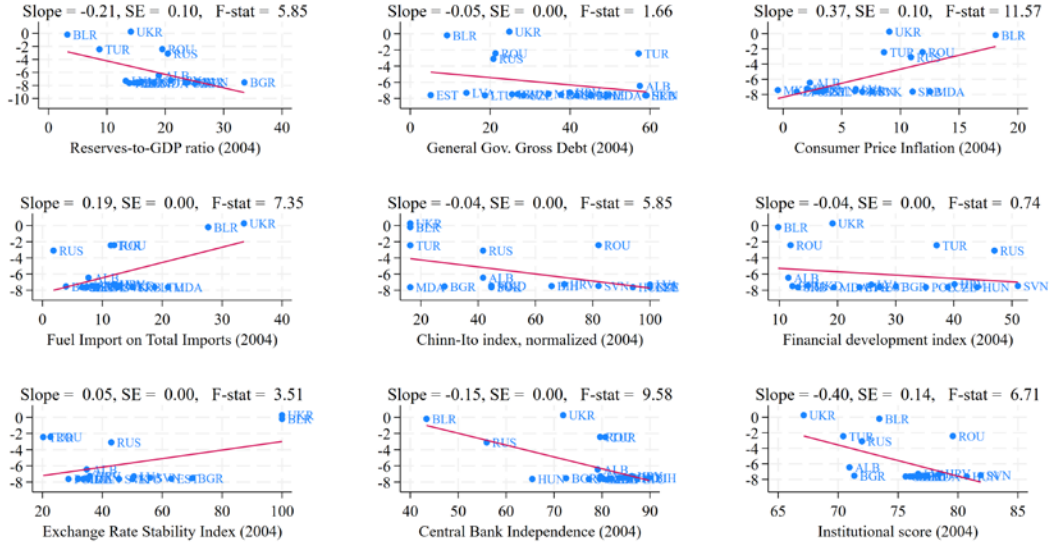
Appendix 4. Correlation with the fundamentals in CESEE

We present the results of univariate OLS regression analysis for our six explained variables to visualize the correlations with the fundamentals observed one year before each cycle.

- *Correlations with fundamentals: Exchange rates*

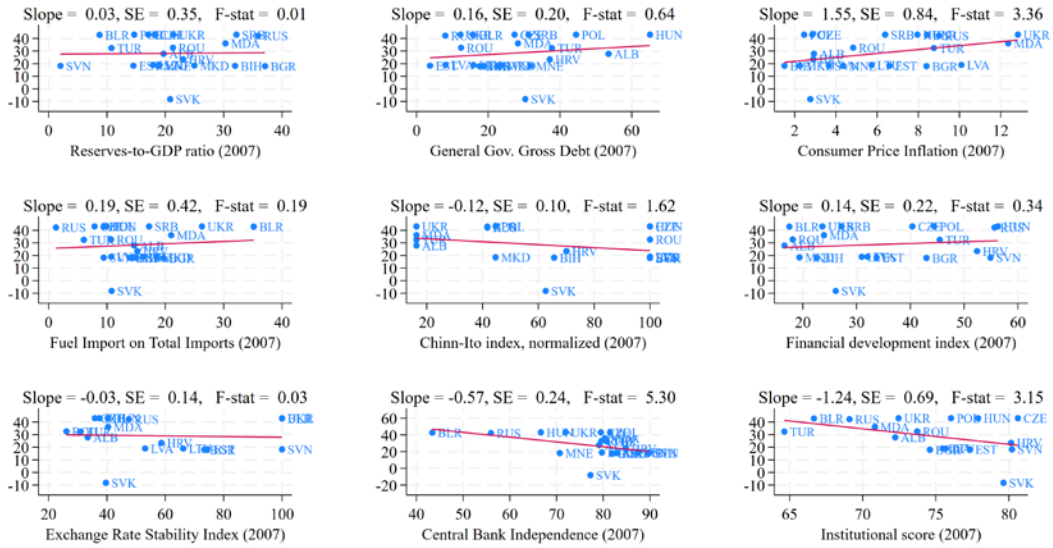
Correlation with fundamentals before GFC (Jun 2005 - Aug 2008)

Bilateral exchange rate - CESEE sample



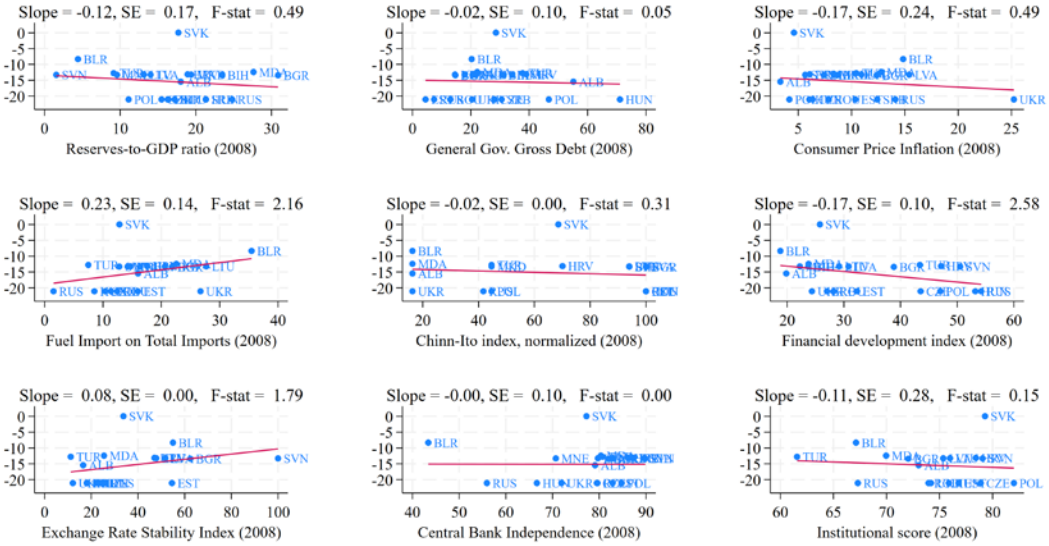
Correlation with fundamentals - GFC (Sep 2008 - Jul 2009)

Bilateral exchange rate - CESEE sample



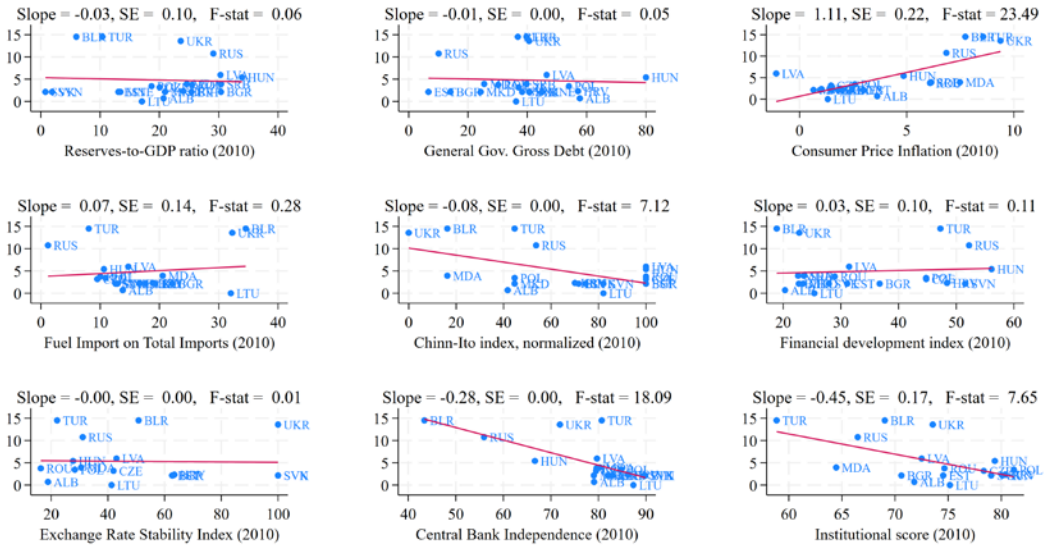
Correlation with fundamentals - GFC Norm. (Aug 2009 - May 2011)

Bilateral exchange rate - CESEE sample



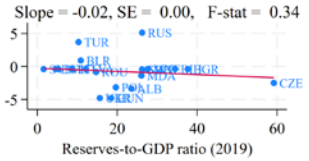
Correlation with fundamentals - Euro Crisis (Jun 2011 - Sep 2020)

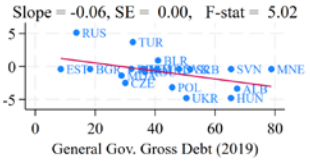
Bilateral exchange rate - CESEE sample

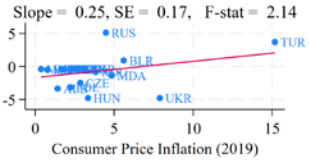


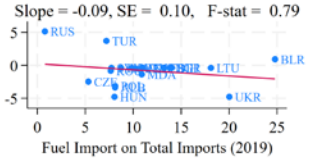
Correlation with fundamentals - Post COVID-19 (Oct 2020 - Sep 2023)

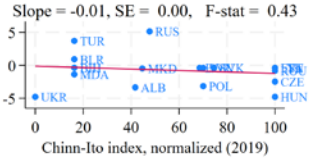
Bilateral exchange rate - CESEE sample

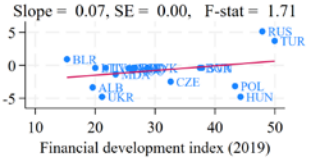


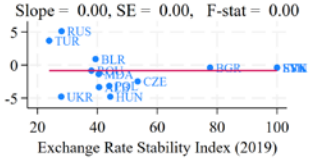


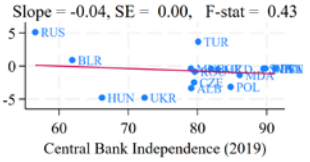


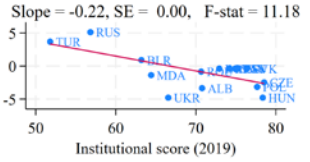




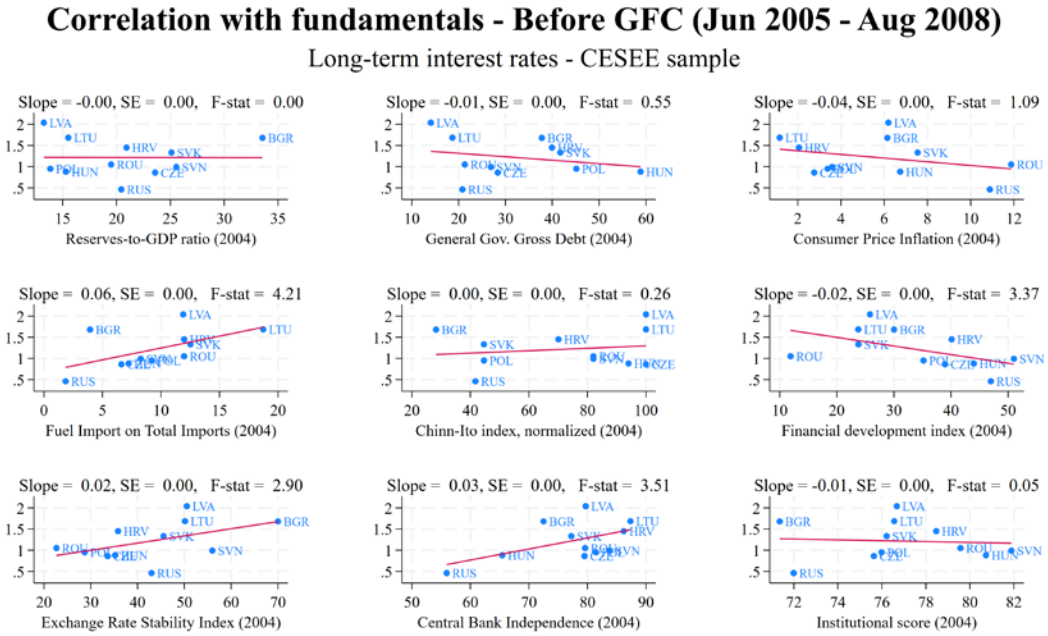


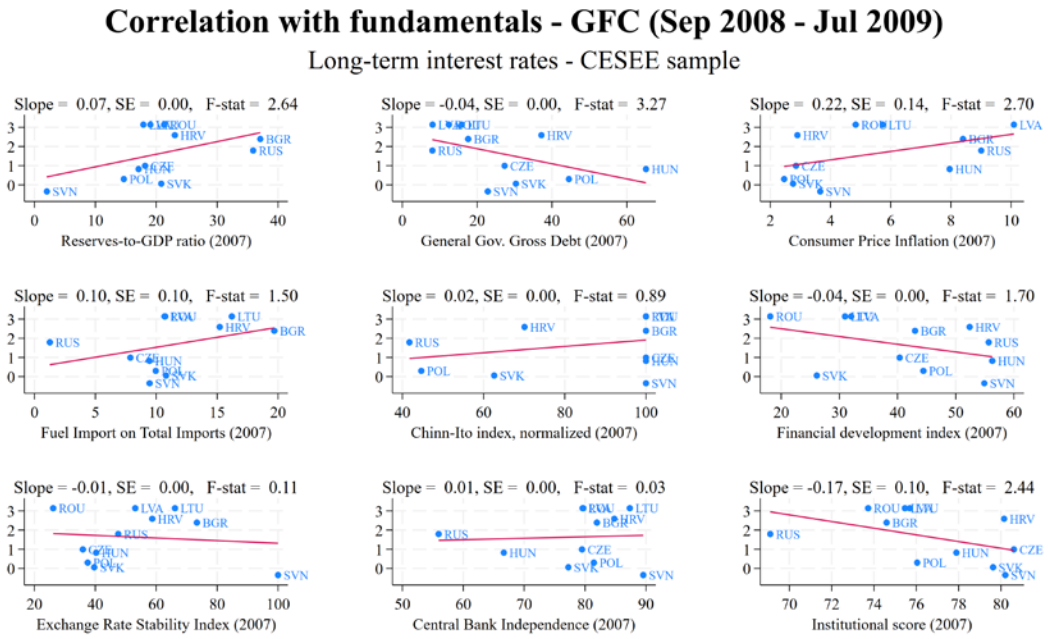






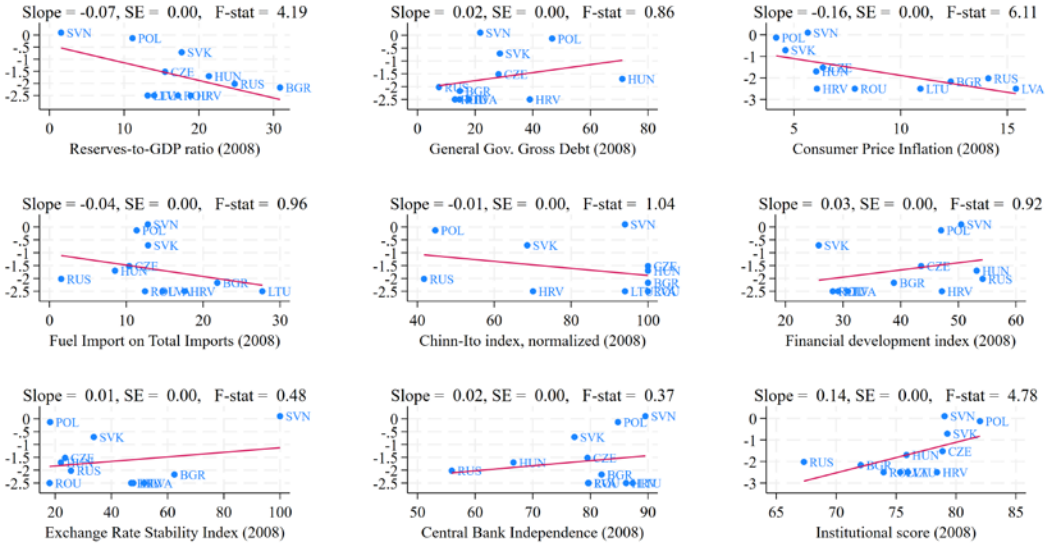
- *Correlations with fundamentals: Interest rates*





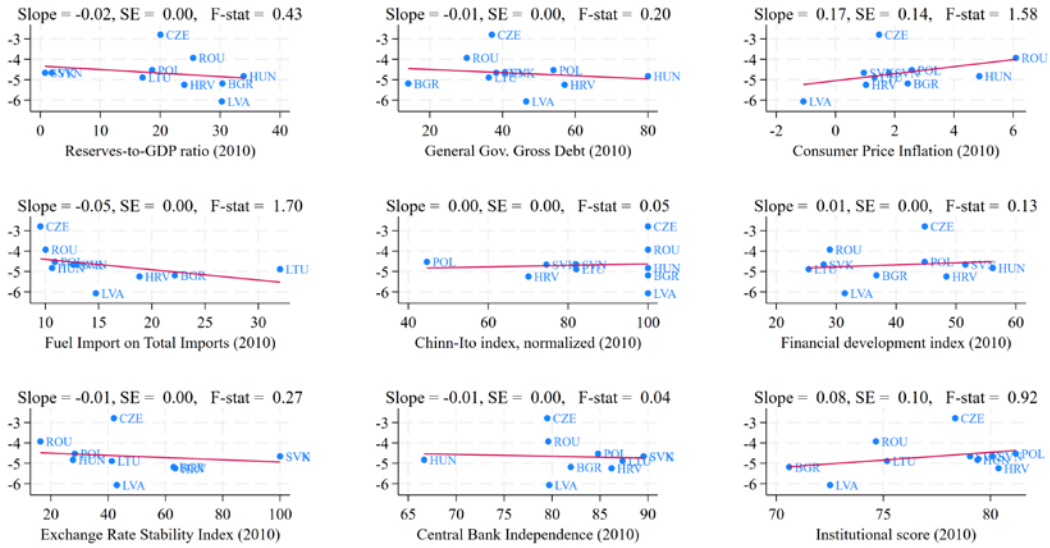
Correlation with fundamentals - GFC Norm. (Aug 2009 - May 2011)

Long-term interest rates - CESEE sample



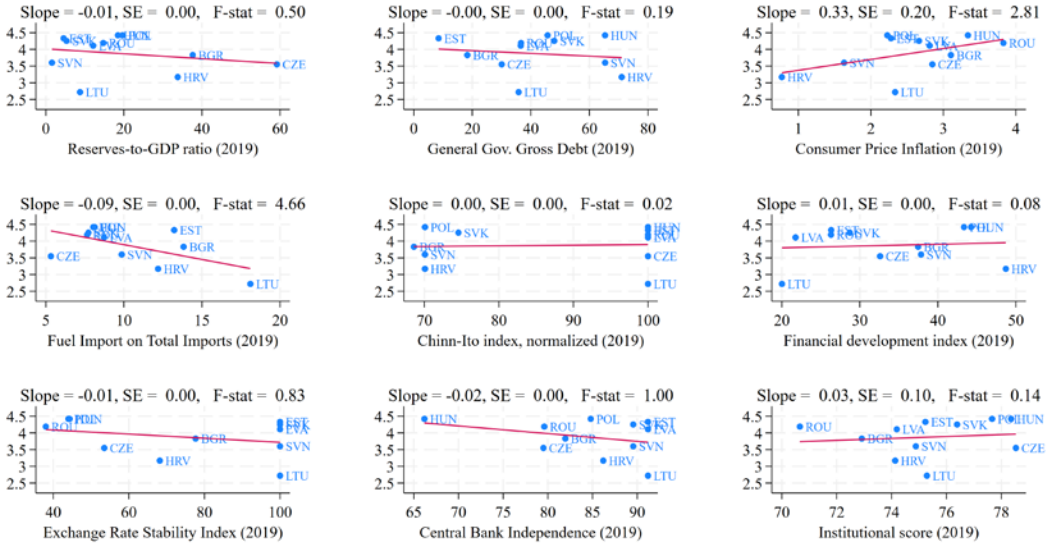
Correlation with fundamentals - Euro Crisis (Jun 2011 - Sep 2020)

Bond yields - CESEE sample



Correlation with fundamentals - Post COVID-19 (Oct 2020 - Sep 2023)

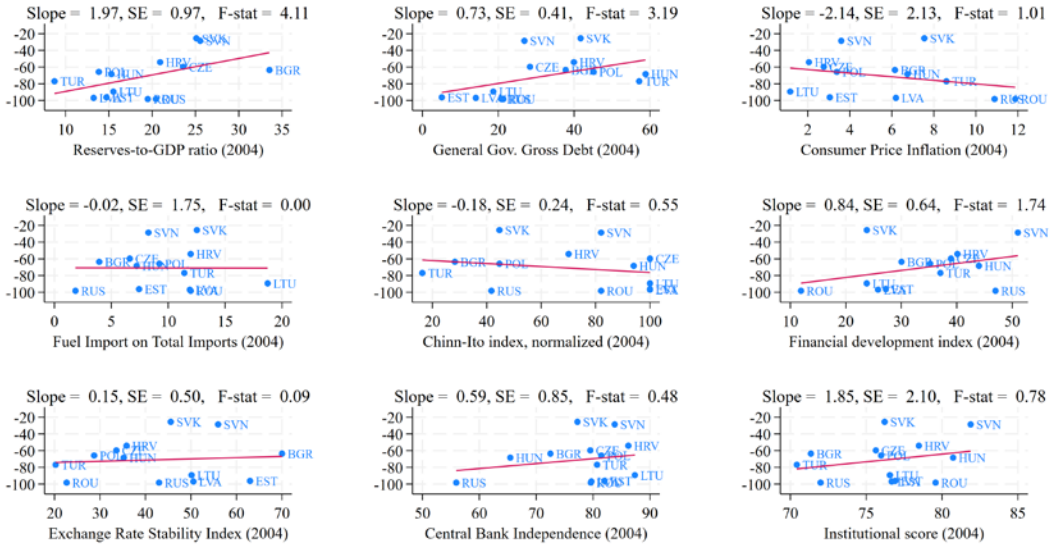
Long-term interest rates - CESEE sample



- *Correlations with fundamentals: Stock prices*

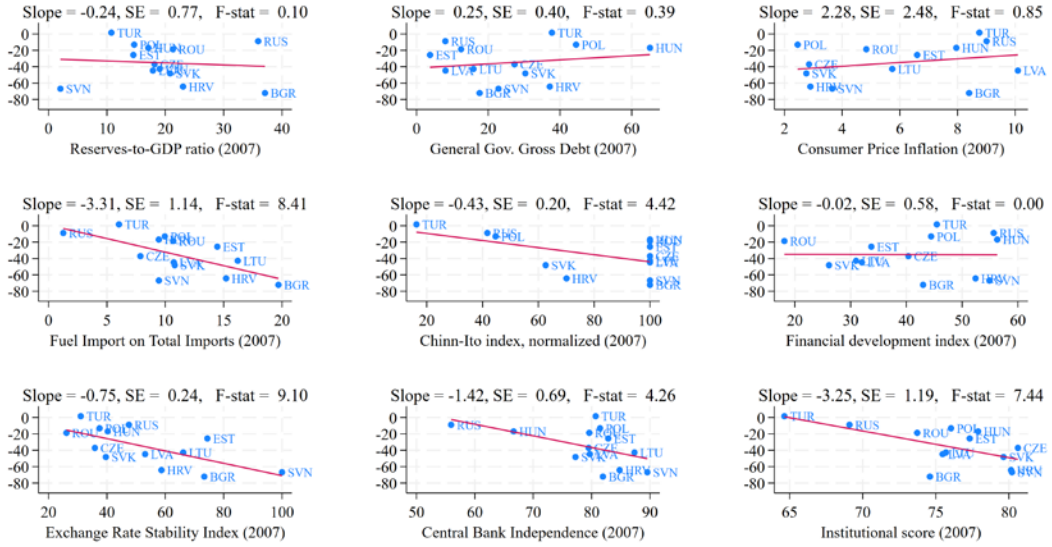
Correlation with fundamentals - Before GFC (Jun 2005 - Aug 2008)

Stock prices - CESEE sample



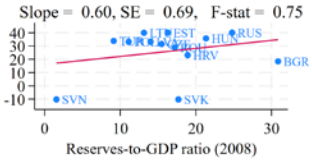
Correlation with fundamentals - GFC (Sep 2008 - Jul 2009)

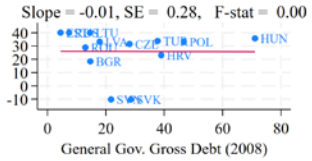
Stock prices - CESEE sample

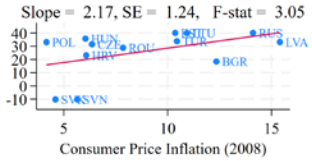


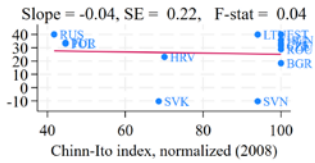
Correlation with fundamentals - GFC Norm. (Aug 2009 - May 2011)

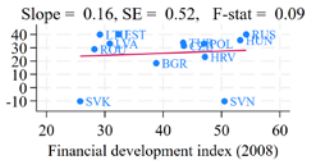
Stock prices - CESEE sample

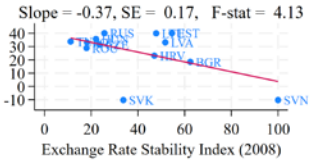


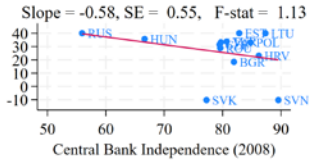


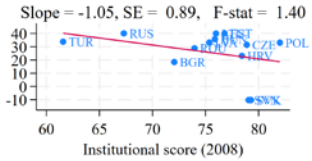






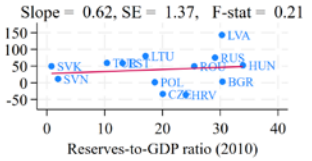


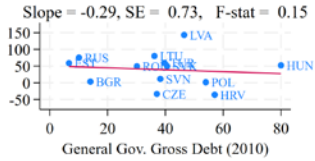


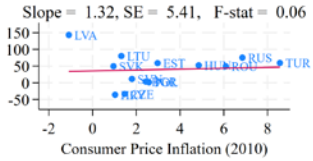


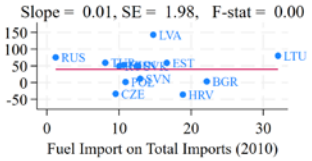
Correlation with fundamentals - Euro Crisis (Jun 2011 - Sep 2020)

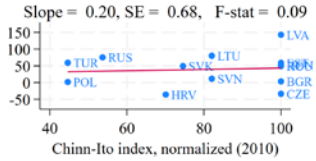
Stock prices - CESEE sample

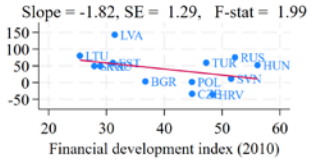


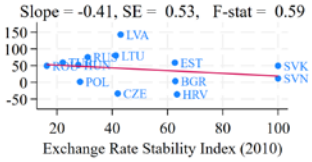


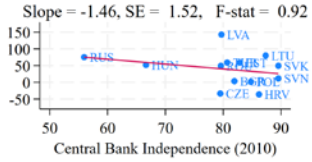


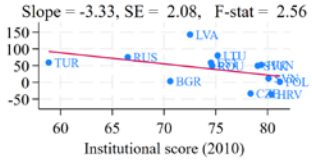






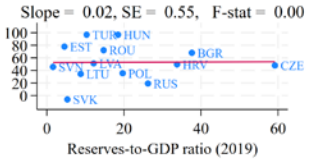


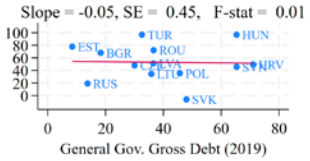


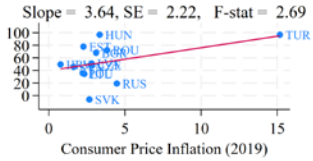


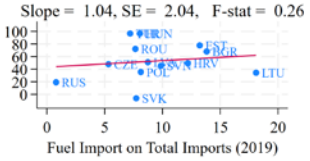
Correlation with fundamentals - Post COVID-19 (Oct 2020 - Sep 2023)

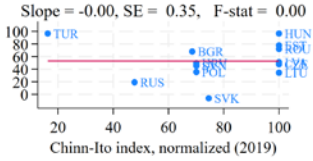
Stock prices - CESEE sample

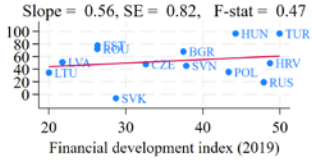


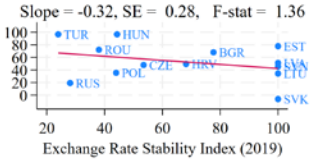


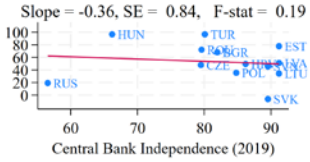


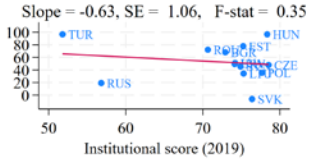








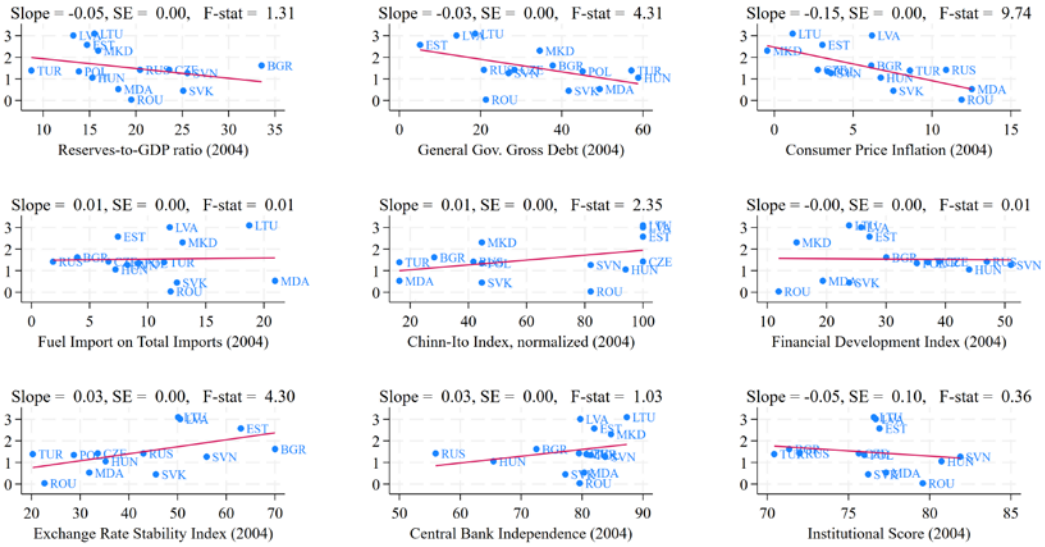




- *Correlations with fundamentals: Inflation*

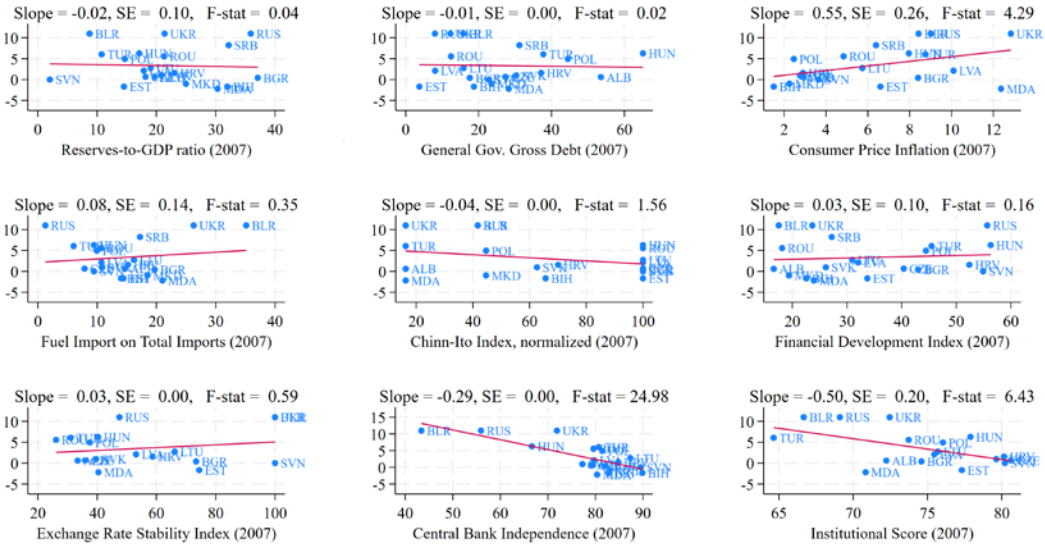
Correlation with funamentals before GFC (Jun 2005 - Aug 2008)

Inflation - CESEE sample



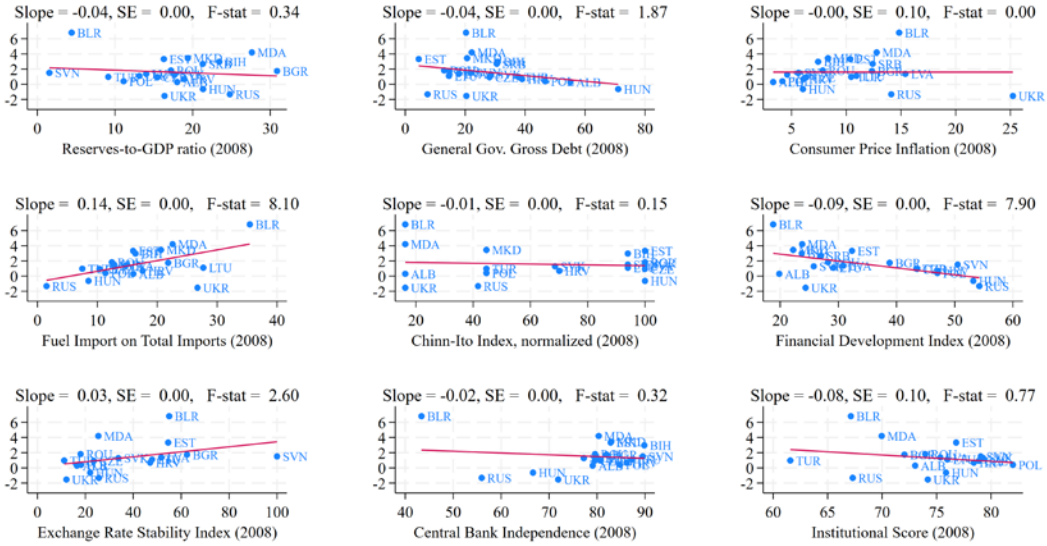
Correlation with funamentals - GFC (Sep 2008 - Jul 2009)

Inflation - CESEE sample



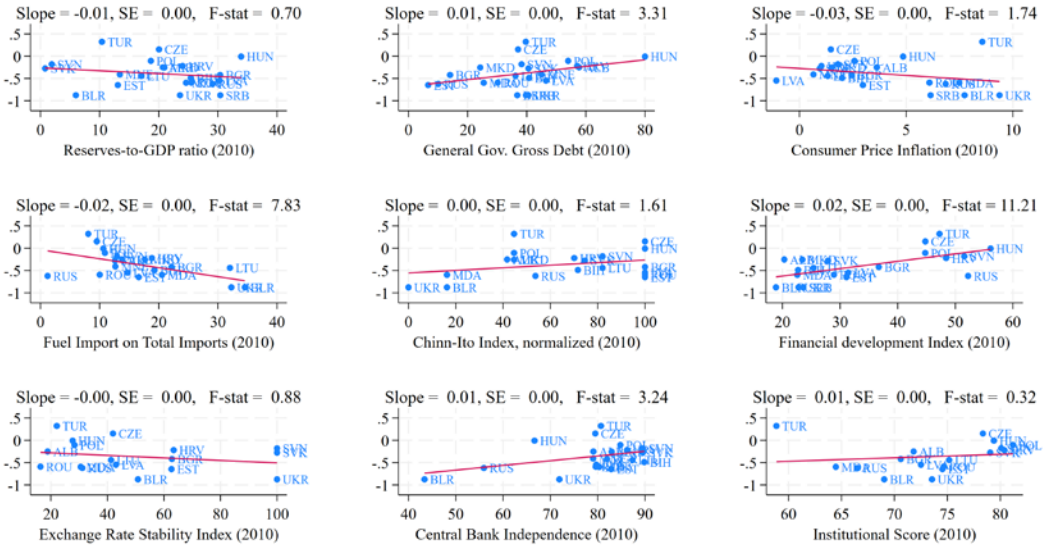
Correlation with funamentals - GFC Norm. (Aug 2009 - May 2011)

Inflation - CESEE sample



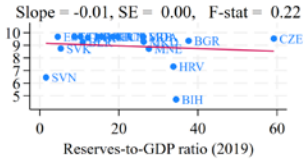
Correlation with funamentals - Euro Crisis (Jun 2011 - Sep 2020)

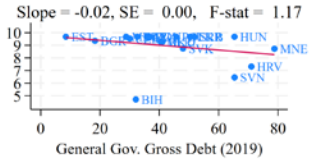
Inflation - CESEE sample

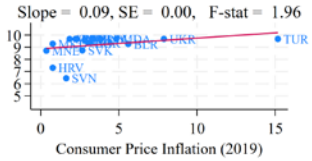


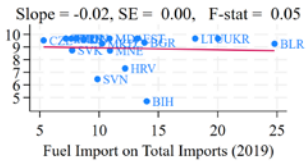
Correlation with funamentals - Post COVID-19 (Oct 2020 - Sep 2023)

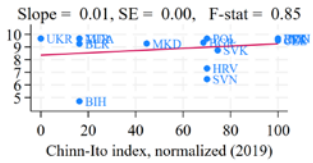
Inflation - CESEE sample

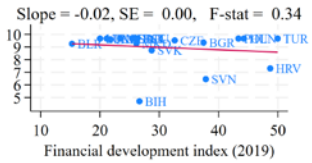


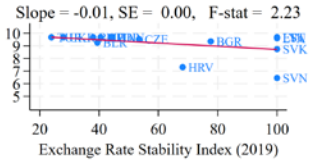


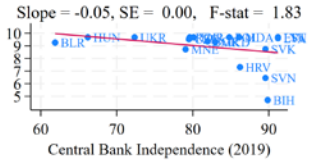


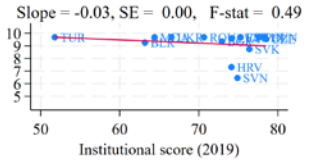








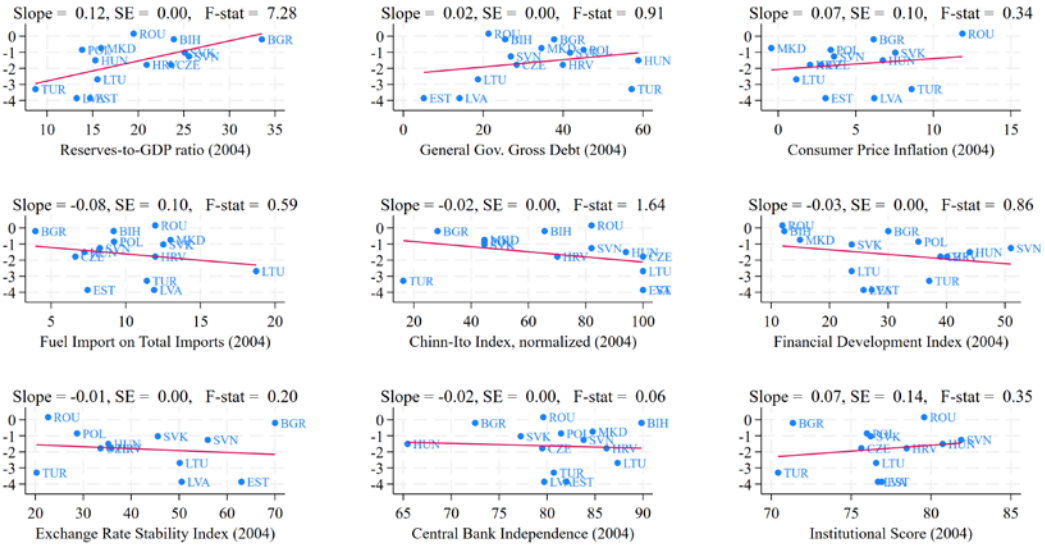




- *Correlations with fundamentals: Real GDP growth*

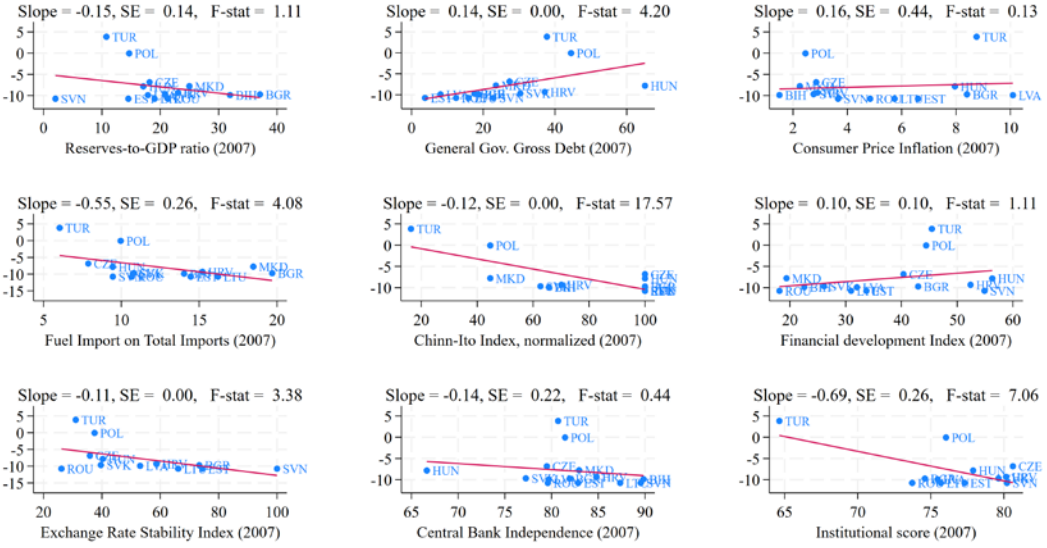
Correlation with funamentals - Before GFC (Jun 2005 - Aug 2008)

Real GDP Growth - CESEE sample



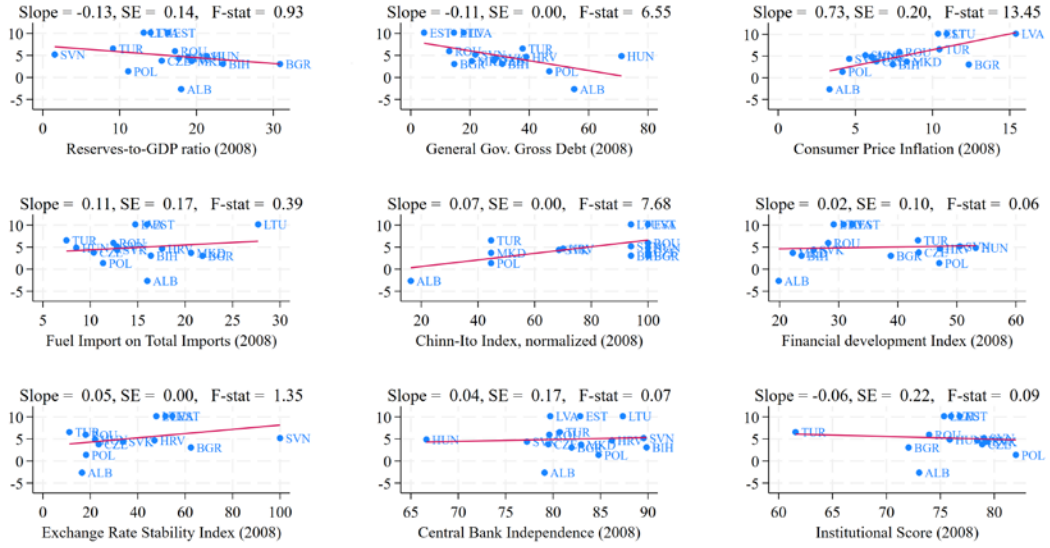
Correlation with funamentals - GFC (Sep 2008 - Jul 2009)

Real GDP Growth - CESEE sample



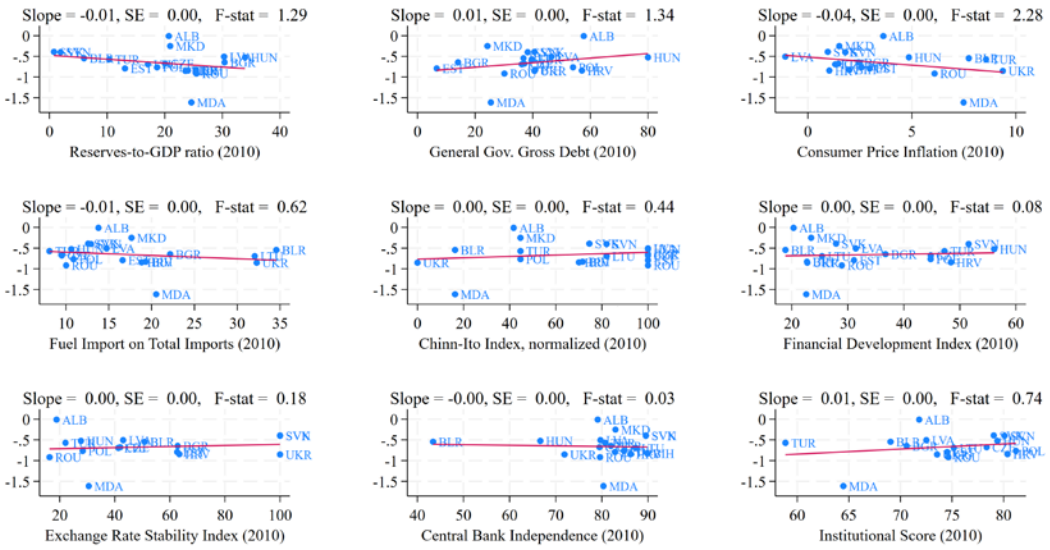
Correlation with funamentals - GFC Norm. (Aug 2009 - May 2011)

Real GDP Growth - CESEE sample



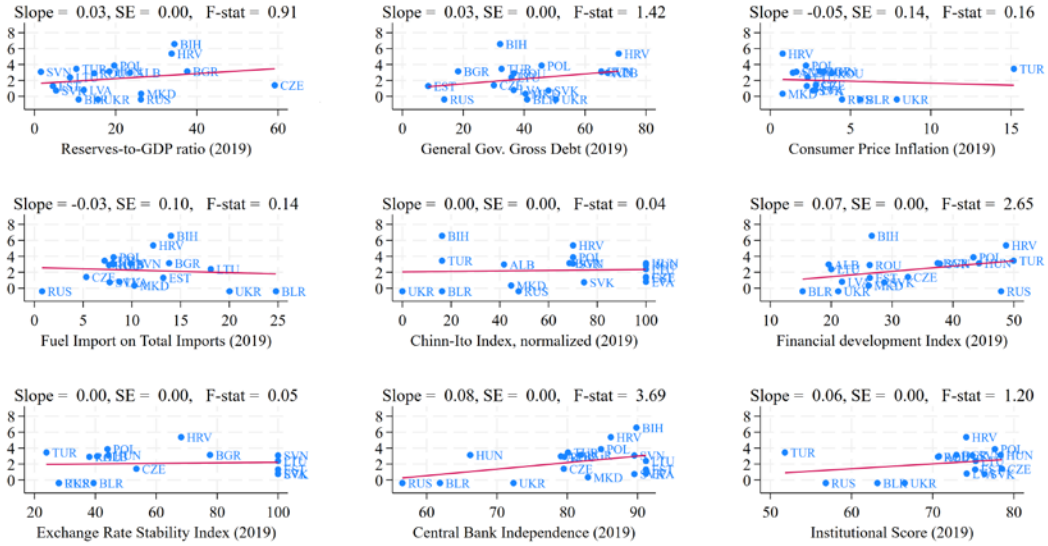
Correlation with funamentals - Euro Crisis (Jun 2011 - Sep 2020)

Real GDP Growth - CESEE sample

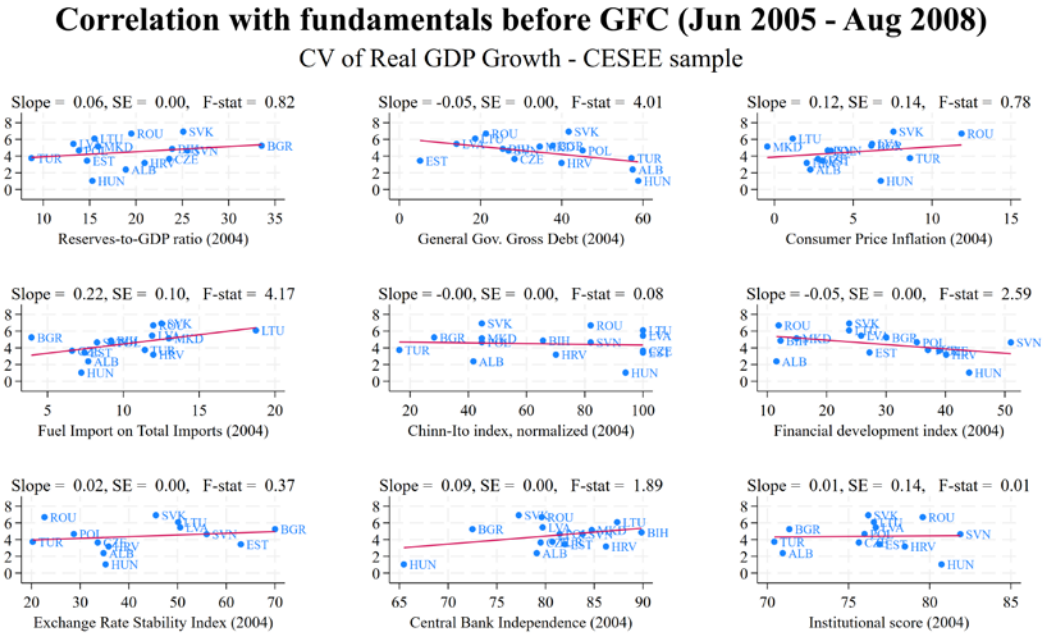


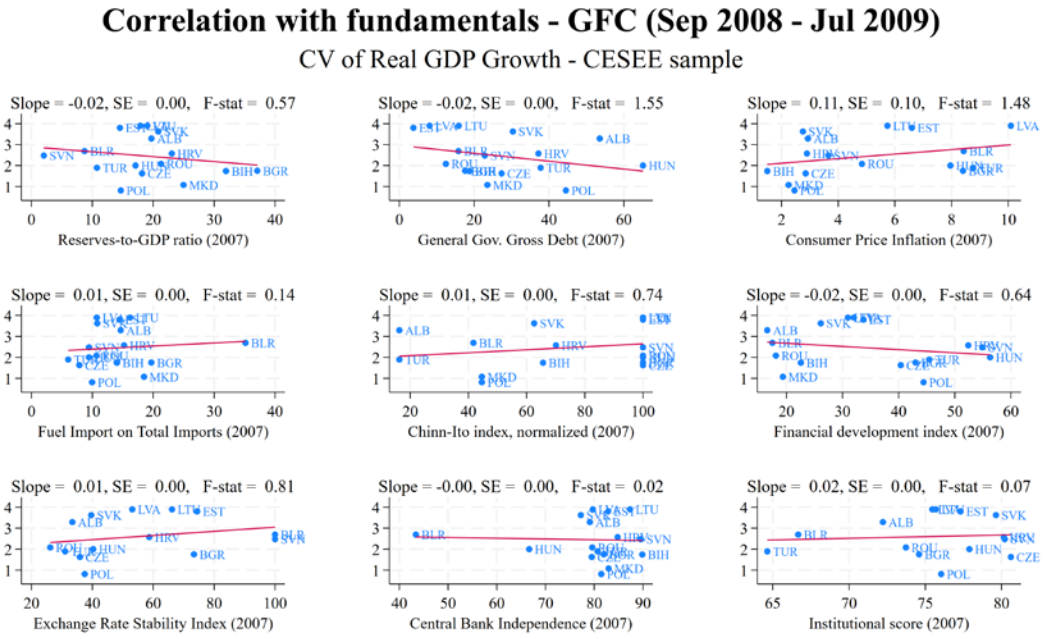
Correlation with funamentals - Post COVID-19 (Oct 2020 - Sep 2023)

Real GDP Growth - CESEE sample



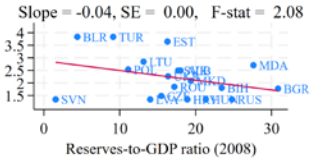
- *Correlations with fundamentals: Real GDP growth (coefficient of variation)*

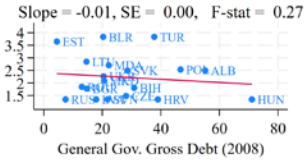


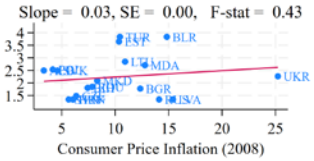


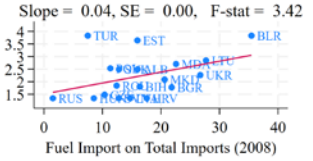
Correlation with fundamentals - GFC Norm. (Aug 2009 - May 2011)

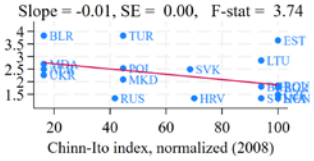
CV of Real GDP Growth - CESEE sample

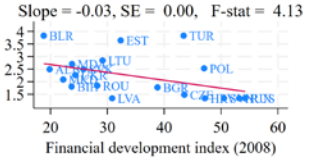


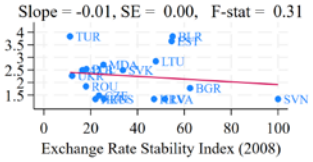


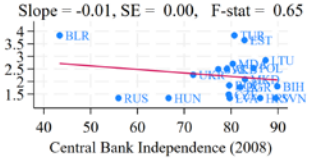


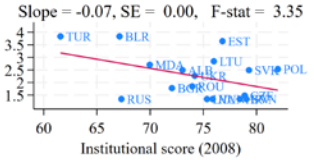






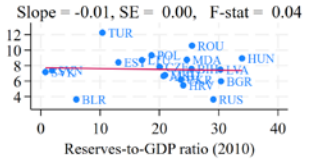


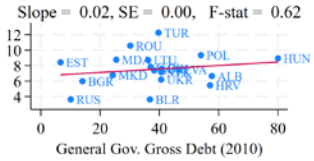


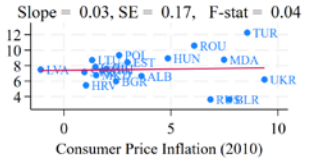


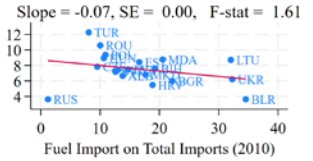
Correlation with fundamentals - Euro Crisis (Jun 2011 - Sep 2020)

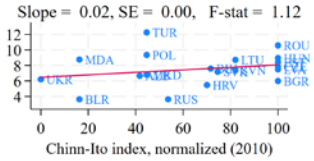
CV of Real GDP Growth - CESEE sample

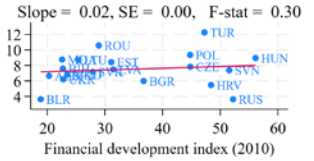


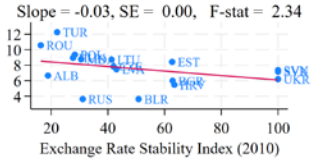


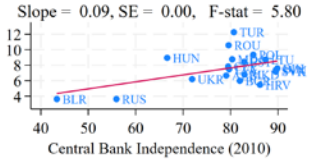


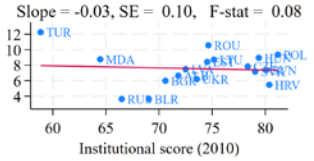






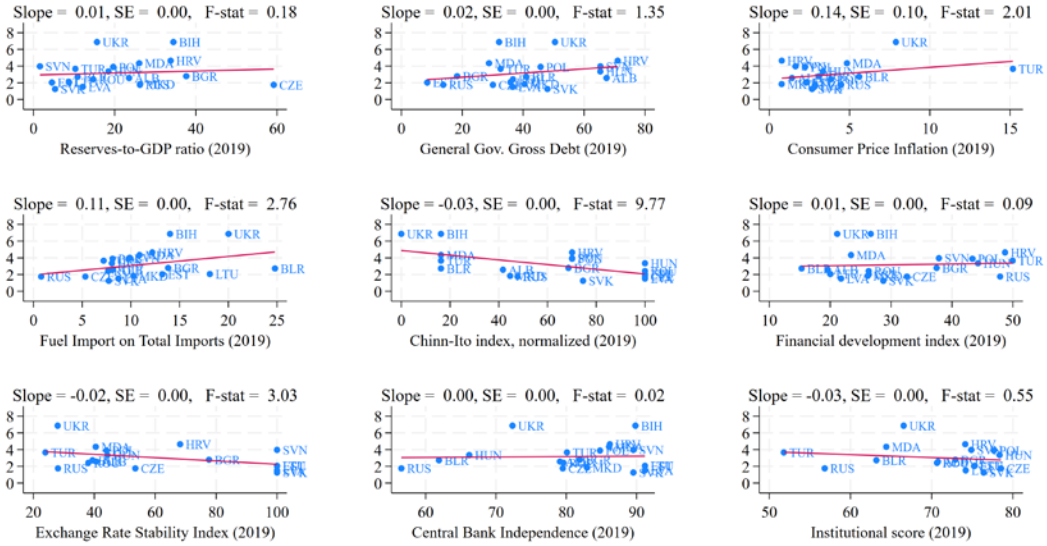






Correlation with fundamentals - Post COVID-19 (Oct 2020 - Sep 2023)

CV of Real GDP Growth - CESEE sample



Appendix 5. Cross-sectional regressions

- *Cross-sectional regressions: Exchange rates*

Exchange rates before GFC (Dec 2005 - Aug 2008)

	1		2		3		4	
Current Account Balance	-0.166				-0.154			
	(0.165)				(0.171)			
Reserves-to-GDP ratio	0.092		0.128	**	0.106		0.139	**
	(0.083)		(0.061)		(0.091)		(0.062)	
net IIP / GDP domestic currency	0.030				0.032			
	(0.031)				(0.032)			
Gov. Net Lending	-0.154				-0.304			
	(0.355)				(0.389)			
General Gov. Gross Debt	-0.019				-0.010			
	(0.049)				(0.052)			
Consumer Price Inflation	0.392	**	0.393	**	0.405	**	0.401	***
	(0.148)		(0.149)		(0.160)		(0.143)	
Fuel Export on Total Exports	0.103		0.091	**	0.113		0.083	
	(0.055)		(0.043)		(0.058)		(0.045)	
Fuel Import on Total Imports	0.345	***	0.386	***	0.316	**	0.351	***
	(0.128)		(0.108)		(0.146)		(0.111)	
Chinn-Ito index, normalized	-0.058		-0.079	***	-0.053		-0.073	**
	(0.038)		(0.029)		(0.046)		(0.029)	
Inflation Targeters	9.330	***	9.907	***	12.480	***	12.078	***
	(2.931)		(2.624)		(3.447)		(2.878)	
Financial development index	0.010				-0.010			
	(0.067)				(0.071)			
CESEE	-7.064	**	-7.342	***				
	(3.056)		(2.133)					
Exchange Rate Stability Index	0.072		0.061		0.085	**	0.067	**
	(0.038)		(0.034)		(0.041)		(0.033)	
Central Bank Independence	-0.076				-0.073			
	(0.070)				(0.085)			
Institutional score	-0.064				-0.057			
	(0.154)				(0.160)			
Chinn-Ito index, normalized # CESEE					0.019			
					(0.082)			
Inflation Targeters # CESEE					-13.369	***	-11.278	***
					(3.867)		(3.545)	
Financial development index # CESEE					0.087			
					(0.227)			
Central Bank Independence # CESEE					0.041			
					(0.179)			
Institutional score # CESEE					-0.148		-0.066	**
					(0.182)		(0.030)	
Intercept	-10.277		-20.368	***	-12.889		-21.473	***
	(11.809)		(4.719)		(12.768)		(4.614)	
Number of observations	71		71		71		71	
R-squared	0.45		0.42		0.49		0.46	
RMSE	8.45		8.12		8.43		7.92	
AIC	518.33		507.29		520.68		504.65	

The explained variable is the variation over the cycle of the year-on-year growth rate of the bilateral exchange rate (1 USD = E Domestic currency unit), expressed as percentage.. Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables Robust SE in parenthesis.

Exchange rates during the GFC (Sep 2008 – Jul 2009)

	1		2		3		4	
Current Account Balance	0.082				-0.150			
	(0.246)				(0.284)			
Reserves-to-GDP ratio	-0.155		-0.170	***	-0.136		-0.158	**
	(0.084)		(0.060)		(0.092)		(0.070)	
net IIP / GDP domestic currency	-0.003				0.006			
	(0.038)				(0.045)			
Gov. Net Lending	-0.391		-0.252		-0.252		-0.309	
	(0.265)		(0.177)		(0.256)		(0.202)	
General Gov. Gross Debt	-0.003				-0.044		-0.072	
	(0.053)				(0.052)		(0.051)	
Consumer Price Inflation	0.385				0.157			
	(0.665)				(0.556)			
Fuel Export on Total Exports	0.096		0.116		0.111		0.108	
	(0.097)		(0.063)		(0.097)		(0.067)	
Fuel Import on Total Imports	-0.151				-0.168			
	(0.194)				(0.206)			
Chinn-Ito index, normalized	0.068		0.059		0.124	**	0.115	***
	(0.053)		(0.036)		(0.057)		(0.042)	
Inflation Targeters	3.617				1.471			
	(4.226)				(4.210)			
Financial development index	-0.053				-0.080			
	(0.081)				(0.080)			
CESEE	11.945	***	12.748	***				
	(4.341)		(3.297)					
Exchange Rate Stability Index	-0.074		-0.111	**	-0.071		-0.093	
	(0.074)		(0.049)		(0.071)		(0.050)	
Central Bank Independence	-0.022				-0.019			
	(0.092)				(0.093)			
Institutional score	0.155				0.101			
	(0.217)				(0.194)			
Chinn-Ito index, normalized # CESEE					-0.285	***	-0.252	***
					(0.077)		(0.068)	
Inflation Targeters # CESEE					9.387		11.298	**
					(6.185)		(4.616)	
Financial development index # CESEE					0.180			
					(0.216)			
Central Bank Independence # CESEE					-0.423		-0.379	**
					(0.246)		(0.171)	
Institutional score # CESEE					0.688		0.722	***
					(0.363)		(0.222)	
Intercept	4.752		15.596	***	9.483		13.803	***
	(19.396)		(4.261)		(16.944)		(5.074)	
Number of observations	80		80		80		80	
R-squared	0.33		0.30		0.43		0.40	
RMSE	11.33		10.88		10.81		10.34	
AIC	629.61		615.66		624.88		610.96	

The explained variable is the variation over the cycle of the year-on-year growth rate of the bilateral exchange rate (1 USD = E Domestic currency unit), expressed as percentage.. Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables Robust SE in parenthesis.

Exchange rates during the GFC Normalization (Aug 2009 - May 2011)

	1		2		3		4	
Current Account Balance	0.347	***	0.364	***	0.420	***	0.506	***
	(0.129)		(0.108)		(0.144)		(0.089)	
Reserves-to-GDP ratio	0.098		0.098		0.089		0.092	
	(0.072)		(0.064)		(0.075)		(0.065)	
net IIP / GDP domestic currency	0.006				0.009			
	(0.014)				(0.016)			
Gov. Net Lending	0.046				-0.040			
	(0.261)				(0.312)			
General Gov. Gross Debt	0.050				0.068		0.075	**
	(0.043)				(0.047)		(0.037)	
Consumer Price Inflation	-0.177				-0.137			
	(0.356)				(0.364)			
Fuel Export on Total Exports	-0.073		-0.091		-0.084		-0.120	**
	(0.062)		(0.054)		(0.069)		(0.049)	
Fuel Import on Total Imports	0.232		0.240	**	0.178		0.166	
	(0.135)		(0.120)		(0.159)		(0.121)	
Chinn-Ito index, normalized	-0.019				-0.031			
	(0.039)				(0.047)			
Inflation Targeters	-4.094		-4.434		-2.414			
	(3.721)		(3.052)		(4.272)			
Financial development index	-0.147		-0.102		-0.147		-0.156	**
	(0.076)		(0.062)		(0.078)		(0.064)	
CESEE	-5.807		-6.237	**				
	(3.249)		(3.002)					
Exchange Rate Stability Index	0.066		0.073		0.065		0.094	***
	(0.048)		(0.047)		(0.048)		(0.032)	
Central Bank Independence	0.028				0.037			
	(0.076)				(0.083)			
Institutional score	-0.370	**	-0.378	***	-0.373	**	-0.400	***
	(0.143)		(0.121)		(0.152)		(0.114)	
Chinn-Ito index, normalized # CESEE					0.062			
					(0.083)			
Inflation Targeters # CESEE					-6.131		-10.237	***
					(5.693)		(3.083)	
Financial development index # CESEE					-0.153			
					(0.236)			
Central Bank Independence # CESEE					0.075			
					(0.221)			
Institutional score # CESEE					-0.104			
					(0.312)			
Intercept	7.600		7.184		7.779		7.269	
	(13.842)		(8.544)		(13.923)		(7.493)	
Number of observations	80		80		80		80	
R-squared	0.52		0.50		0.53		0.51	
RMSE	9.20		8.95		9.36		8.86	
AIC	596.33		587.04		601.88		585.45	

The explained variable is the variation over the cycle of the year-on-year growth rate of the bilateral exchange rate (1 USD = E Domestic currency unit), expressed as percentage.. Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables Robust SE in parenthesis.

Exchange rates during the Euro Crisis then COVID-19 (Jun 2011 - Sep 2020)

	1		2		3		4	
Current Account Balance	-0.444				-0.494			
	(0.863)				(0.830)			
Reserves-to-GDP ratio	-0.561	**	-0.681	***	-0.529	**	-0.599	***
	(0.251)		(0.197)		(0.246)		(0.215)	
net IIP / GDP domestic currency	0.101	***	0.063	***	0.119	***	0.110	***
	(0.038)		(0.024)		(0.033)		(0.027)	
Gov. Net Lending	-0.811				-0.740		-0.931	
	(0.709)				(0.646)		(0.478)	
General Gov. Gross Debt	0.029				0.080			
	(0.108)				(0.102)			
Consumer Price Inflation	4.655	***	4.852	***	4.898	***	5.043	***
	(1.692)		(1.350)		(1.380)		(1.354)	
Fuel Export on Total Exports	0.174				0.106			
	(0.254)				(0.245)			
Fuel Import on Total Imports	-0.808		-0.873		-0.861		-0.692	
	(0.531)		(0.468)		(0.491)		(0.450)	
Chinn-Ito index, normalized	-0.251	**	-0.248	**	-0.235		-0.276	**
	(0.120)		(0.112)		(0.133)		(0.116)	
Inflation Targeters	4.464				11.688		14.457	
	(9.446)				(9.116)		(7.387)	
Financial development index	-0.382		-0.321		-0.496	**	-0.506	**
	(0.263)		(0.205)		(0.231)		(0.213)	
CESEE	11.361		14.575					
	(10.326)		(9.682)					
Exchange Rate Stability Index	-0.097				-0.142			
	(0.184)				(0.182)			
Central Bank Independence	-0.456		-0.562	**	-0.250		-0.396	
	(0.340)		(0.267)		(0.332)		(0.294)	
Institutional score	0.857		0.751		0.834		0.948	
	(0.505)		(0.463)		(0.475)		(0.486)	
Chinn-Ito index, normalized # CESEE					-0.145			
					(0.362)			
Inflation Targeters # CESEE					-31.527		-25.916	
					(21.286)		(17.105)	
Financial development index # CESEE					1.203		1.278	**
					(0.896)		(0.488)	
Central Bank Independence # CESEE					-0.719		-0.383	
					(0.978)		(0.270)	
Institutional score # CESEE					0.536			
					(1.232)			
Intercept	48.159		64.107		39.188		38.218	
	(41.606)		(37.616)		(40.265)		(40.090)	
Number of observations	77		77		77		77	
R-squared	0.56		0.54		0.60		0.58	
RMSE	29.28		28.63		28.92		28.11	
AIC	752.61		744.39		753.48		744.81	

The explained variable is the variation over the cycle of the year-on-year growth rate of the bilateral exchange rate (1 USD = E Domestic currency unit), expressed as percentage.. Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables Robust SE in parenthesis.

Exchange rates during the Post COVID-19 cycle (Oct 2020 - Sep 2023)

	1		2		3		4	
Current Account Balance	-0.178				-0.258			
	(0.191)				(0.223)			
Reserves-to-GDP ratio	-0.025				-0.041			
	(0.042)				(0.051)			
net IIP / GDP domestic currency	0.025		0.017		0.030	**	0.017	
	(0.013)		(0.009)		(0.015)		(0.009)	
Gov. Net Lending	-0.066				0.100			
	(0.410)				(0.442)			
General Gov. Gross Debt	-0.009				-0.009			
	(0.026)				(0.030)			
Consumer Price Inflation	0.925	***	1.118	***	0.751		1.118	***
	(0.335)		(0.292)		(0.398)		(0.292)	
Fuel Export on Total Exports	0.043				0.039			
	(0.058)				(0.059)			
Fuel Import on Total Imports	0.003				0.075			
	(0.127)				(0.139)			
Chinn-Ito index, normalized	-0.003				-0.024			
	(0.051)				(0.054)			
Inflation Targeters	-2.435				-3.837			
	(2.707)				(3.023)			
Financial development index	0.120	**	0.103	**	0.091		0.103	**
	(0.058)		(0.041)		(0.072)		(0.041)	
CESEE	0.470							
	(2.799)							
Exchange Rate Stability Index	0.099		0.131	***	0.089		0.131	***
	(0.057)		(0.028)		(0.055)		(0.028)	
Central Bank Independence	-0.100		-0.112		-0.122		-0.112	
	(0.082)		(0.064)		(0.091)		(0.064)	
Institutional score	-0.235		-0.246		-0.175		-0.246	
	(0.201)		(0.129)		(0.191)		(0.129)	
Chinn-Ito index, normalized # CESEE					0.092			
					(0.068)			
Inflation Targeters # CESEE					3.467			
					(3.376)			
Financial development index # CESEE					0.152			
					(0.182)			
Central Bank Independence # CESEE					0.195			
					(0.200)			
Institutional score # CESEE					-0.392			
					(0.273)			
Intercept	10.623		9.046		12.343		9.046	
	(15.471)		(9.286)		(15.550)		(9.286)	
Number of observations	74		74		74		74	
R-squared	0.36		0.33		0.39		0.33	
RMSE	7.08		6.72		7.12		6.72	
AIC	513.63		498.53		517.26		498.53	

The explained variable is the variation over the cycle of the year-on-year growth rate of the bilateral exchange rate (1 USD = E Domestic currency unit), expressed as percentage.. Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables Robust SE in parenthesis.

- *Cross-sectional regressions: Interest rates*

Interest rate variation Before GFC (Dec 2005 - Aug 2008)

	1		2		3		4	
Current Account Balance	-0.025	**			-0.029	**	-0.026	**
	(0.011)				(0.013)		(0.009)	
Reserves-to-GDP ratio	0.010				0.014		0.014	
	(0.010)				(0.011)		(0.010)	
General Gov. Gross Debt	-0.005		-0.005	**	-0.004		-0.003	**
	(0.003)		(0.002)		(0.003)		(0.001)	
Consumer Price Inflation	-0.097	***	-0.088	***	-0.207	***	-0.210	***
	(0.028)		(0.028)		(0.038)		(0.038)	
Fuel Export on Total Exports	0.006				0.003			
	(0.005)				(0.006)			
Fuel Import on Total Imports	-0.014				-0.022		-0.019	
	(0.016)				(0.019)		(0.014)	
Chinn-Ito index, normalized	-0.002				-0.006			
	(0.004)				(0.005)			
Inflation Targeters	-0.390		-0.311		-0.330			
	(0.203)		(0.189)		(0.306)			
Financial development index	-0.011		-0.012	**	-0.009		-0.008	
	(0.006)		(0.004)		(0.006)		(0.006)	
CESEE	-0.323				-0.564			
	(0.312)				(2.804)			
Central Bank Independence	0.016	***	0.015	***	0.019	***	0.021	***
	(0.005)		(0.004)		(0.006)		(0.004)	
Institutional score	-0.016		-0.023		-0.028		-0.038	***
	(0.013)		(0.013)		(0.015)		(0.010)	
Chinn-Ito index, normalized # CESEE					0.004			
					(0.008)			
Inflation Targeters # CESEE					-0.251		-0.653	***
					(0.458)		(0.180)	
Financial development index # CESEE					-0.035	***	-0.035	***
					(0.010)		(0.009)	
Central Bank Independence # CESEE					-0.074	***	-0.079	***
					(0.018)		(0.018)	
Institutional score # CESEE					0.093	**	0.099	***
					(0.041)		(0.023)	
Intercept	2.590		3.049	**	3.761	**	3.689	***
	(1.600)		(1.176)		(1.507)		(1.067)	
Number of observations	37		37		37		37	
R-squared	0.70		0.66		0.80		0.77	
RMSE	0.42		0.41		0.40		0.37	
AIC	51.26		44.40		47.72		41.57	

The explained variable is the variation of the long-term interest rate over the cycle. Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables. Robust SE in parenthesis.

Interest rate variation during the GFC (Sep 2008 - Jul 2009)

	1		2		3		4	
Current Account Balance	-0.051	***	-0.052	***	-0.023		-0.026	
	(0.018)		(0.017)		(0.017)		(0.019)	
Reserves-to-GDP ratio	0.031		0.035		0.029		0.029	
	(0.027)		(0.019)		(0.031)		(0.017)	
General Gov. Gross Debt	0.000				0.003		0.005	**
	(0.003)				(0.002)		(0.002)	
Consumer Price Inflation	0.096		0.098		0.260		0.250	**
	(0.090)		(0.074)		(0.139)		(0.095)	
Fuel Export on Total Exports	0.011		0.008		0.016		0.013	**
	(0.008)		(0.005)		(0.011)		(0.006)	
Fuel Import on Total Imports	0.006				0.003			
	(0.023)				(0.014)			
Chinn-Ito index, normalized	0.007		0.008		0.001			
	(0.007)		(0.006)		(0.006)			
Inflation Targeters	-0.199				-0.502			
	(0.324)				(0.317)			
Financial development index	-0.004				0.008		0.013	**
	(0.009)				(0.008)		(0.006)	
CESEE	0.830		0.852		2.463			
	(0.581)		(0.455)		(12.354)			
Central Bank Independence	-0.003				-0.007			
	(0.007)				(0.005)			
Institutional score	0.025		0.021		0.038	***	0.033	***
	(0.019)		(0.014)		(0.013)		(0.011)	
Chinn-Ito index, normalized # CESEE					-0.003			
					(0.023)			
Inflation Targeters # CESEE					0.873			
					(0.858)			
Financial development index # CESEE					-0.039		-0.051	**
					(0.031)		(0.023)	
Central Bank Independence # CESEE					0.077		0.043	***
					(0.056)		(0.013)	
Institutional score # CESEE					-0.077			
					(0.164)			
Intercept	-3.112		-3.301	***	-4.677	**	-5.251	***
	(1.862)		(1.056)		(1.826)		(1.091)	
Number of observations	38		38		38		38	
R-squared	0.79		0.78		0.85		0.83	
RMSE	0.67		0.62		0.62		0.57	
AIC	87.87		78.82		83.58		73.18	

The explained variable is the variation of the long-term interest rate over the cycle. Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables. Robust SE in parenthesis.

Interest rate variation during the GFC Normalization (Aug 2009 - May 2011)

	1		2		3	4	
Current Account Balance	-0.019		-0.025		-0.037	-0.031	
	(0.021)		(0.016)		(0.021)	(0.018)	
Reserves-to-GDP ratio	-0.050	**	-0.048	***	-0.046	-0.055	**
	(0.021)		(0.015)		(0.029)	(0.026)	
General Gov. Gross Debt	0.000				-0.002		
	(0.003)				(0.003)		
Consumer Price Inflation	-0.095		-0.092		-0.039		
	(0.066)		(0.047)		(0.085)		
Fuel Export on Total Exports	-0.002				-0.000		
	(0.010)				(0.012)		
Fuel Import on Total Imports	0.006				0.023	0.024	
	(0.022)				(0.020)	(0.015)	
Chinn-Ito index, normalized	-0.007				0.006	0.009	
	(0.006)				(0.009)	(0.006)	
Inflation Targeters	-0.089				-0.071		
	(0.315)				(0.378)		
Financial development index	0.006				0.002		
	(0.010)				(0.012)		
CESEE	-0.632		-0.794	**	-8.308	-6.755	**
	(0.526)		(0.344)		(6.699)	(2.820)	
Central Bank Independence	0.004				0.004		
	(0.008)				(0.009)		
Institutional score	-0.013				-0.009		
	(0.021)				(0.024)		
Chinn-Ito index, normalized # CESEE					-0.017	-0.024	**
					(0.015)	(0.010)	
Inflation Targeters # CESEE					-0.129		
					(0.797)		
Financial development index # CESEE					0.026		
					(0.034)		
Central Bank Independence # CESEE					-0.063	-0.065	
					(0.046)	(0.036)	
Institutional score # CESEE					0.165	0.169	***
					(0.112)	(0.057)	
Intercept	1.397		0.534	**	-0.209	-1.022	
	(2.005)		(0.213)		(2.461)	(0.657)	
Number of observations	38		38		38	38	
R-squared	0.68		0.65		0.75	0.73	
RMSE	0.73		0.66		0.72	0.63	
AIC	94.41		81.30		94.55	80.16	

The explained variable is the variation of the long-term interest rate over the cycle. Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables. Robust SE in parenthesis.

Interest rate variation during the Euro Crisis then COVID-19 (Jun 2011 - Sep 2020)

	1		2		3		4	
Current Account Balance	0.166	***	0.148	***	0.161	***	0.146	***
	(0.040)		(0.033)		(0.040)		(0.031)	
Reserves-to-GDP ratio	-0.025		-0.025		-0.010			
	(0.014)		(0.015)		(0.017)			
General Gov. Gross Debt	0.007		0.007		0.007		0.004	
	(0.005)		(0.004)		(0.006)		(0.003)	
Consumer Price Inflation	0.074				0.021			
	(0.184)				(0.174)			
Fuel Export on Total Exports	-0.011				-0.003			
	(0.012)				(0.014)			
Fuel Import on Total Imports	-0.021				-0.012			
	(0.022)				(0.027)			
Chinn-Ito index, normalized	-0.017	**	-0.020	**	-0.019		-0.020	***
	(0.007)		(0.008)		(0.012)		(0.005)	
Inflation Targeters	0.701		0.770		0.328			
	(0.588)		(0.461)		(0.835)			
Financial development index	-0.004				-0.004			
	(0.014)				(0.018)			
CESEE	-0.468				-29.791	**	-34.647	***
	(0.600)				(12.885)		(8.710)	
Central Bank Independence	-0.027	**	-0.029	**	-0.031	**	-0.033	***
	(0.011)		(0.012)		(0.013)		(0.009)	
Institutional score	-0.046				-0.046		-0.046	
	(0.036)				(0.046)		(0.034)	
Chinn-Ito index, normalized # CESEE					0.056	***	0.062	***
					(0.020)		(0.013)	
Inflation Targeters # CESEE					2.373	**	2.731	***
					(1.072)		(0.405)	
Financial development index # CESEE					0.008			
					(0.037)			
Central Bank Independence # CESEE					0.225	***	0.228	***
					(0.065)		(0.034)	
Institutional score # CESEE					0.059		0.113	
					(0.136)		(0.075)	
Intercept	3.638		-0.301		4.027		4.102	
	(2.845)		(1.401)		(3.131)		(2.518)	
Number of observations	38		38		38		38	
R-squared	0.66		0.61		0.75		0.74	
RMSE	1.00		0.97		0.96		0.84	
AIC	118.13		111.44		116.61		103.86	

The explained variable is the variation of the long-term interest rate over the cycle. Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables. Robust SE in parenthesis.

Interest rate variation during the Post COVID-19 cycle (Oct 2020 - Sep 2023)

	1		2		3		4	
Current Account Balance	-0.041		-0.038		-0.049		-0.041	
	(0.037)		(0.027)		(0.037)		(0.027)	
Reserves-to-GDP ratio	-0.019	***	-0.019	***	-0.014	***	-0.017	***
	(0.003)		(0.003)		(0.004)		(0.003)	
General Gov. Gross Debt	-0.002				-0.003			
	(0.003)				(0.004)			
Consumer Price Inflation	0.009				0.324		0.261	**
	(0.157)				(0.188)		(0.116)	
Fuel Export on Total Exports	0.008				0.007			
	(0.013)				(0.013)			
Fuel Import on Total Imports	-0.049		-0.058	***	-0.027		-0.042	**
	(0.025)		(0.020)		(0.025)		(0.020)	
Chinn-Ito index, normalized	0.010		0.012	**	0.033	**	0.022	***
	(0.006)		(0.005)		(0.013)		(0.006)	
Inflation Targeters	-0.062				-0.612			
	(0.355)				(0.416)			
Financial development index	-0.002				-0.014			
	(0.011)				(0.012)			
CESEE	0.779		0.803	***	-6.376			
	(0.456)		(0.197)		(5.903)			
Central Bank Independence	-0.000				-0.013			
	(0.010)				(0.009)			
Institutional score	0.018				-0.012			
	(0.034)				(0.046)			
Chinn-Ito index, normalized # CESEE					-0.027		-0.023	**
					(0.017)		(0.011)	
Inflation Targeters # CESEE					0.685			
					(0.504)			
Financial development index # CESEE					0.057		0.022	
					(0.037)		(0.012)	
Central Bank Independence # CESEE					0.039			
					(0.038)			
Institutional score # CESEE					0.044		0.025	
					(0.049)		(0.013)	
Intercept	1.861		3.048	***	3.594		1.474	
	(3.159)		(0.666)		(3.436)		(0.858)	
Number of observations	40		40		40		40	
R-squared	0.68		0.66		0.75		0.71	
RMSE	0.64		0.59		0.63		0.58	
AIC	88.23		77.22		88.14		77.38	

The explained variable is the variation of the long-term interest rate over the cycle. Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables. Robust SE in parenthesis.

- *Cross-sectional regressions: Stock Prices*

Stock price variation Before GFC (Dec 2005 - Aug 2008)

	1		2		3		4	
Current Account Balance	0.854		0.908	**	0.326			
	(0.711)		(0.389)		(0.856)			
Reserves-to-GDP ratio	0.518				0.665		0.866	***
	(0.483)				(0.531)		(0.268)	
General Gov. Gross Debt	-0.205	**	-0.196	***	-0.273	**	-0.226	***
	(0.098)		(0.069)		(0.124)		(0.069)	
Consumer Price Inflation	0.475				0.992			
	(1.553)				(1.597)			
Fuel Export on Total Exports	-0.139				-0.053			
	(0.225)				(0.222)			
Fuel Import on Total Imports	-0.173				0.209			
	(0.464)				(0.353)			
Chinn-Ito index, normalized	-0.227	**	-0.322	***	-0.025			
	(0.111)		(0.078)		(0.145)			
Inflation Targeters	-3.445				-6.458			
	(6.770)				(8.790)			
Financial development index	0.039				-0.161		-0.226	
	(0.208)				(0.213)		(0.148)	
CESEE	-5.809							
	(11.266)							
Central Bank Independence	-0.078				-0.177			
	(0.255)				(0.292)			
Institutional score	-0.225				0.002			
	(0.458)				(0.472)			
Chinn-Ito index, normalized # CESEE					-0.254		-0.364	**
					(0.283)		(0.137)	
Inflation Targeters # CESEE					3.661			
					(14.123)			
Financial development index # CESEE					1.492	**	1.292	***
					(0.626)		(0.363)	
Central Bank Independence # CESEE					0.747			
					(0.959)			
Institutional score # CESEE					-1.394		-0.465	**
					(1.127)		(0.221)	
Intercept	55.369		42.745	***	37.689		25.059	**
	(52.840)		(7.040)		(53.822)		(11.897)	
Number of observations	43		43		43		43	
R-squared	0.43		0.39		0.56		0.51	
RMSE	18.25		16.59		17.23		15.38	
AIC	382.28		367.40		379.21		363.41	

The explained variable is the variation of the stock price index over the cycle, expressed as percentage. Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables. Robust SE in parenthesis.

Stock prices variation during the GFC (Sep 2008 - Jul 2009)

	1		2		3		4	
Current Account Balance	1.584	***	1.412	***	1.518	***	1.298	***
	(0.487)		(0.379)		(0.519)		(0.293)	
Reserves-to-GDP ratio	-0.148				-0.191			
	(0.358)				(0.222)			
General Gov. Gross Debt	-0.171		-0.172	**	-0.230	***	-0.234	***
	(0.085)		(0.077)		(0.080)		(0.064)	
Consumer Price Inflation	0.932				1.758			
	(1.099)				(1.321)			
Fuel Export on Total Exports	-0.270	**	-0.241	**	-0.047			
	(0.116)		(0.109)		(0.130)			
Fuel Import on Total Imports	-0.010				0.291			
	(0.251)				(0.255)			
Chinn-Ito index, normalized	0.054				0.086			
	(0.105)				(0.095)			
Inflation Targeters	10.731	**	12.779	***	1.031			
	(5.154)		(3.955)		(5.801)			
Financial development index	0.136		0.160		0.199		0.171	
	(0.111)		(0.099)		(0.148)		(0.093)	
CESEE	-8.471		-10.102					
	(10.007)		(6.922)					
Central Bank Independence	-0.178				-0.276		-0.239	**
	(0.146)				(0.138)		(0.102)	
Institutional score	-1.473	***	-1.515	***	-1.262	***	-1.329	***
	(0.468)		(0.305)		(0.396)		(0.249)	
Chinn-Ito index, normalized # CESEE					-0.174			
					(0.181)			
Inflation Targeters # CESEE					25.350	**	26.620	***
					(10.167)		(6.870)	
Financial development index # CESEE					-0.670		-0.514	***
					(0.385)		(0.114)	
Central Bank Independence # CESEE					-0.154			
					(0.414)			
Institutional score # CESEE					0.461			
					(0.594)			
Intercept	105.132	**	98.859	***	86.904	**	106.790	***
	(40.151)		(22.269)		(37.599)		(16.070)	
Number of observations	45		45		45		45	
R-squared	0.70		0.69		0.78		0.75	
RMSE	14.00		13.34		12.96		11.87	
AIC	375.85		368.05		370.92		357.54	

The explained variable is the variation of the stock price index over the cycle, expressed as percentage. Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables. Robust SE in parenthesis.

Stock price variation during the GFC Normalization (Aug 2009 - May 2011)

	1		2		3		4	
Current Account Balance	0.679		0.595	**	0.607		0.595	**
	(0.336)		(0.276)		(0.405)		(0.276)	
Reserves-to-GDP ratio	-0.169				-0.139			
	(0.353)				(0.372)			
General Gov. Gross Debt	-0.008				-0.029			
	(0.055)				(0.059)			
Consumer Price Inflation	2.530	***	2.436	***	2.868	**	2.436	***
	(0.845)		(0.615)		(1.090)		(0.615)	
Fuel Export on Total Exports	0.068				0.090			
	(0.158)				(0.191)			
Fuel Import on Total Imports	0.274				0.354			
	(0.253)				(0.290)			
Chinn-Ito index, normalized	0.126		0.163		0.173		0.163	
	(0.079)		(0.083)		(0.116)		(0.083)	
Inflation Targeters	15.855	***	15.081	***	13.691	**	15.081	***
	(4.203)		(3.600)		(5.310)		(3.600)	
Financial development index	0.155				0.173			
	(0.140)				(0.174)			
CESEE	8.918							
	(7.746)							
Central Bank Independence	0.175		0.147		0.155		0.147	
	(0.131)		(0.101)		(0.149)		(0.101)	
Institutional score	-0.074				-0.076			
	(0.274)				(0.340)			
Chinn-Ito index, normalized # CESEE					-0.145			
					(0.272)			
Inflation Targeters # CESEE					7.691			
					(13.239)			
Financial development index # CESEE					-0.133			
					(0.640)			
Central Bank Independence # CESEE					-0.244			
					(0.433)			
Institutional score # CESEE					0.543			
					(0.870)			
Intercept	-32.225		-23.538	**	-37.314		-23.538	**
	(30.215)		(9.926)		(36.004)		(9.926)	
Number of observations	45		45		45		45	
R-squared	0.51		0.46		0.53		0.46	
RMSE	11.71		11.20		12.26		11.20	
AIC	359.80		350.69		365.92		350.69	

The explained variable is the variation of the stock price index over the cycle, expressed as percentage. Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables. Robust SE in parenthesis.

Stock price variation during the Euro Crisis then COVID-19 (Jun 2011 - Sep 2020)

	1		2		3		4	
Current Account Balance	4.146	**	3.993	***	4.318	**	4.453	***
	(1.652)		(1.244)		(1.792)		(1.263)	
Reserves-to-GDP ratio	-0.258				-0.013			
	(0.649)				(0.690)			
General Gov. Gross Debt	0.040				0.138			
	(0.174)				(0.194)			
Consumer Price Inflation	3.477				6.249		3.680	
	(3.882)				(4.336)		(2.373)	
Fuel Export on Total Exports	-0.537		-0.562		-0.514		-0.484	
	(0.385)		(0.401)		(0.451)		(0.329)	
Fuel Import on Total Imports	-0.432				-1.320			
	(0.944)				(1.061)			
Chinn-Ito index, normalized	0.026				0.031			
	(0.286)				(0.412)			
Inflation Targeters	-15.437				-9.022			
	(13.108)				(19.195)			
Financial development index	-0.655		-0.590	**	-0.331			
	(0.404)		(0.290)		(0.463)			
CESEE	19.784							
	(18.795)							
Central Bank Independence	-1.400	***	-1.060	***	-1.300	***	-1.049	***
	(0.401)		(0.283)		(0.449)		(0.312)	
Institutional score	1.452				1.298			
	(1.154)				(1.203)			
Chinn-Ito index, normalized # CESEE					0.188			
					(0.766)			
Inflation Targeters # CESEE					-16.710			
					(41.339)			
Financial development index # CESEE					-1.478		-1.575	**
					(1.251)		(0.705)	
Central Bank Independence # CESEE					1.625		1.100	***
					(1.494)		(0.389)	
Institutional score # CESEE					-0.746			
					(2.247)			
Intercept	66.551		153.910	***	43.969		99.819	***
	(106.186)		(36.109)		(104.007)		(27.091)	
Number of observations	45		45		45		45	
R-squared	0.41		0.32		0.47		0.39	
RMSE	38.52		37.05		38.96		35.95	
AIC	466.97		457.50		469.99		456.49	

The explained variable is the variation of the stock price index over the cycle, expressed as percentage. Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables. Robust SE in parenthesis.

Stock price variation during the Post COVID-19 cycle (Oct 2020 - Sep 2023)

	1		2		3		4	
Current Account Balance	0.130				-0.039			
	(1.166)				(1.241)			
Reserves-to-GDP ratio	0.111		0.164		0.052			
	(0.118)		(0.120)		(0.132)			
General Gov. Gross Debt	0.191		0.183		0.195		0.156	
	(0.116)		(0.098)		(0.122)		(0.104)	
Consumer Price Inflation	6.794	***	7.302	***	7.642	**	6.073	***
	(1.580)		(1.341)		(3.322)		(1.315)	
Fuel Export on Total Exports	0.146				0.092			
	(0.456)				(0.504)			
Fuel Import on Total Imports	1.435		1.304		1.528		1.603	
	(1.021)		(0.893)		(1.046)		(0.943)	
Chinn-Ito index, normalized	0.293		0.369	**	0.144		0.305	
	(0.218)		(0.173)		(0.251)		(0.185)	
Inflation Targeters	2.613				0.231			
	(10.728)				(15.278)			
Financial development index	-0.343		-0.451	**	-0.362		-0.316	
	(0.265)		(0.178)		(0.321)		(0.185)	
CESEE	11.779							
	(12.190)							
Central Bank Independence	-0.015				0.087			
	(0.384)				(0.502)			
Institutional score	0.328				0.887			
	(0.890)				(1.061)			
Chinn-Ito index, normalized # CESEE					1.809	**	1.261	**
					(0.839)		(0.508)	
Inflation Targeters # CESEE					-13.229			
					(25.235)			
Financial development index # CESEE					2.946	**	2.120	**
					(1.312)		(0.905)	
Central Bank Independence # CESEE					0.161			
					(1.082)			
Institutional score # CESEE					-3.364		-2.250	**
					(2.537)		(0.964)	
Intercept	-42.301		-12.324		-79.487		-14.845	
	(73.959)		(24.748)		(92.903)		(25.893)	
Number of observations	45		45		45		45	
R-squared	0.37		0.34		0.47		0.44	
RMSE	26.04		24.36		25.47		23.05	
AIC	431.74		421.46		431.74		418.04	

The explained variable is the variation of the stock price index over the cycle, expressed as percentage. Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables. Robust SE in parenthesis.

- *Cross-sectional regressions: Inflation*

Price inflation Before GFC (Dec 2005 - Aug 2008)

	1		2		3		4	
Current Account Balance	-0.159				-0.162		-0.138	
	(0.107)				(0.108)		(0.083)	
Reserves-to-GDP ratio	0.003				-0.015			
	(0.055)				(0.062)			
General Gov. Gross Debt	-0.004				0.005			
	(0.025)				(0.027)			
Consumer Price Inflation	-0.035				0.006			
	(0.108)				(0.097)			
Fuel Export on Total Exports	0.040				0.068		0.040	
	(0.040)				(0.040)		(0.026)	
Fuel Import on Total Imports	-0.022				0.020			
	(0.084)				(0.091)			
Chinn-Ito index, normalized	-0.010				-0.044			
	(0.024)				(0.037)			
Inflation Targeters	-1.468				-2.050		-1.645	
	(1.256)				(1.634)		(1.104)	
Financial Development Index	-0.079	**	-0.072	***	-0.079		-0.094	***
	(0.038)		(0.021)		(0.042)		(0.034)	
CESEE	-2.100							
	(1.438)							
Central Bank Independence	-0.098	**	-0.099	**	-0.091		-0.110	**
	(0.048)		(0.041)		(0.046)		(0.045)	
Institutional Score	0.098				0.194		0.121	
	(0.105)				(0.098)		(0.090)	
Chinn-Ito index, normalized # CESEE					0.084	**	0.043	**
					(0.040)		(0.016)	
Inflation Targeters # CESEE					0.582			
					(2.175)			
Financial Development Index # CESEE					0.195	**	0.202	**
					(0.091)		(0.082)	
Central Bank Independence # CESEE					0.249	***	0.250	***
					(0.074)		(0.064)	
Institutional Score # CESEE					-0.435	***	-0.400	***
					(0.105)		(0.091)	
Intercept	9.352		14.894	***	2.813		7.808	
	(10.275)		(3.490)		(9.327)		(7.480)	
Number of observations	53		53		53		53	
R-squared	0.41		0.34		0.52		0.49	
RMSE	3.77		3.57		3.58		3.42	
AIC	302.05		288.13		298.97		290.35	

The explained variable is the variation over the cycle of the consumer price inflation, expressed as percentage. Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables Robust SE in parenthesis.

Price inflation variation during the GFC (Sep 2008 - Jul 2009)

	1		2		3		4	
Current Account Balance	-0.016				-0.029			
	(0.047)				(0.052)			
Reserves-to-GDP ratio	-0.042		-0.035		-0.035		-0.029	
	(0.023)		(0.020)		(0.025)		(0.020)	
General Gov. Gross Debt	0.008				0.005			
	(0.015)				(0.016)			
Consumer Price Inflation	-0.069				-0.092			
	(0.175)				(0.181)			
Fuel Export on Total Exports	0.060	***	0.044	***	0.055	**	0.039	**
	(0.020)		(0.015)		(0.021)		(0.015)	
Fuel Import on Total Imports	0.050				0.055			
	(0.054)				(0.059)			
Chinn-Ito index, normalized	-0.039	***	-0.033	***	-0.043	***	-0.036	***
	(0.013)		(0.012)		(0.016)		(0.011)	
Inflation Targeters	1.874	**	1.743	**	1.752		1.891	**
	(0.847)		(0.843)		(1.044)		(0.852)	
Financial Development Index	-0.022				-0.026			
	(0.019)				(0.019)			
CESEE	2.648	**	2.669	***				
	(1.142)		(0.791)					
Central Bank Independence	-0.051	**	-0.048	**	-0.036		-0.032	
	(0.023)		(0.024)		(0.023)		(0.024)	
Institutional Score	0.076				0.073			
	(0.066)				(0.067)			
Chinn-Ito index, normalized # CESEE					0.005			
					(0.030)			
Inflation Targeters # CESEE					0.584			
					(1.708)			
Financial Development Index # CESEE					0.057			
					(0.056)			
Central Bank Independence # CESEE					-0.140	**	-0.154	***
					(0.054)		(0.047)	
Institutional Score # CESEE					0.139	**	0.190	***
					(0.064)		(0.047)	
Intercept	0.888		5.847	**	0.881		4.915	**
	(5.748)		(2.342)		(5.707)		(2.387)	
Number of observations	78		78		78		78	
R-squared	0.43		0.40		0.46		0.42	
RMSE	3.05		3.00		3.06		2.95	
AIC	406.86		399.49		410.53		397.93	

The explained variable is the variation over the cycle of the consumer price inflation, expressed as percentage. Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables Robust SE in parenthesis.

Price inflation variation during the GFC Normalization (Aug 2009 - May 2011)

	1		2		3		4	
Current Account Balance	0.038				0.030			
	(0.066)				(0.069)			
Reserves-to-GDP ratio	-0.001				0.010			
	(0.033)				(0.025)			
General Gov. Gross Debt	-0.018		-0.018		-0.019		-0.026	**
	(0.012)		(0.012)		(0.013)		(0.012)	
Consumer Price Inflation	0.209	**	0.197	**	0.234	**	0.200	**
	(0.089)		(0.080)		(0.101)		(0.076)	
Fuel Export on Total Exports	-0.046		-0.035	**	-0.052	**	-0.040	**
	(0.024)		(0.017)		(0.022)		(0.017)	
Fuel Import on Total Imports	0.001				-0.035			
	(0.074)				(0.060)			
Chinn-Ito index, normalized	0.027		0.028		0.036	**	0.028	
	(0.015)		(0.014)		(0.015)		(0.015)	
Inflation Targeters	-2.052	**	-2.171	***	-1.936		-2.501	***
	(0.823)		(0.704)		(1.015)		(0.847)	
Financial Development Index	0.033		0.039		0.048	**	0.037	
	(0.023)		(0.021)		(0.024)		(0.021)	
CESEE	-0.747							
	(1.551)							
Central Bank Independence	0.010				0.023			
	(0.040)				(0.035)			
Institutional Score	-0.113		-0.115		-0.157	**	-0.107	
	(0.069)		(0.061)		(0.064)		(0.062)	
Chinn-Ito index, normalized # CESEE					-0.018			
					(0.039)			
Inflation Targeters # CESEE					1.812		1.999	
					(1.778)		(1.433)	
Financial Development Index # CESEE					-0.184	**	-0.058	**
					(0.081)		(0.029)	
Central Bank Independence # CESEE					-0.091			
					(0.130)			
Institutional Score # CESEE					0.181			
					(0.168)			
Intercept	7.863		8.014		9.211		8.318	
	(5.181)		(4.848)		(5.268)		(4.860)	
Number of observations	77		77		77		77	
R-squared	0.30		0.28		0.37		0.31	
RMSE	3.53		3.43		3.46		3.40	
AIC	424.49		416.04		424.27		416.34	

The explained variable is the variation over the cycle of the consumer price inflation, expressed as percentage. Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables Robust SE in parenthesis.

Price inflation variation during the Euro Crisis then COVID-19 (Jun 2011 - Sep 2020)

	1		2		3		4	
Current Account Balance	0.022				0.013			
	(0.061)				(0.061)			
Reserves-to-GDP ratio	0.007				0.003			
	(0.019)				(0.020)			
General Gov. Gross Debt	0.022	**	0.017	**	0.021	**	0.022	**
	(0.010)		(0.008)		(0.010)		(0.010)	
Consumer Price Inflation	0.087				0.053			
	(0.132)				(0.132)			
Fuel Export on Total Exports	0.021		0.028	**	0.026		0.030	**
	(0.016)		(0.012)		(0.015)		(0.012)	
Fuel Import on Total Imports	-0.027				0.008			
	(0.041)				(0.041)			
Chinn-Ito index, normalized	-0.003				-0.008			
	(0.010)				(0.010)			
Inflation Targeters	2.396	***	2.205	***	2.092	***	2.278	***
	(0.572)		(0.587)		(0.633)		(0.481)	
Financial Development Index	-0.019				-0.030		-0.037	**
	(0.021)				(0.023)		(0.017)	
CESEE	-0.886							
	(0.762)							
Central Bank Independence	0.030				0.013			
	(0.024)				(0.025)			
Institutional Score	0.047				0.085		0.082	**
	(0.047)				(0.047)		(0.038)	
Chinn-Ito index, normalized # CESEE					0.011			
					(0.019)			
Inflation Targeters # CESEE					0.988			
					(1.234)			
Financial Development Index # CESEE					0.147	***	0.163	***
					(0.052)		(0.038)	
Central Bank Independence # CESEE					0.114	***	0.127	***
					(0.040)		(0.035)	
Institutional Score # CESEE					-0.217	***	-0.224	***
					(0.051)		(0.039)	
Intercept	-9.325	***	-4.765	***	-10.476	***	-9.342	***
	(3.010)		(0.702)		(3.001)		(2.359)	
Number of observations	96		96		96		96	
R-squared	0.20		0.15		0.30		0.28	
RMSE	2.82		2.77		2.71		2.61	
AIC	483.35		471.77		479.33		465.21	

The explained variable is the variation over the cycle of the consumer price inflation, expressed as percentage. Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables Robust SE in parenthesis.

Price inflation variation during the Post COVID-19 cycle (Oct 2020 - Sep 2023)

	1		2		3		4	
Current Account Balance	-0.270	***	-0.255	***	-0.272	***	-0.261	***
	(0.074)		(0.077)		(0.077)		(0.072)	
Reserves-to-GDP ratio	0.020				0.021			
	(0.023)				(0.026)			
General Gov. Gross Debt	0.008				0.008			
	(0.012)				(0.013)			
Consumer Price Inflation	1.065	***	1.026	***	1.183	***	1.179	***
	(0.185)		(0.164)		(0.187)		(0.124)	
Fuel Export on Total Exports	0.011				0.010			
	(0.026)				(0.025)			
Fuel Import on Total Imports	-0.019				-0.031			
	(0.062)				(0.061)			
Chinn-Ito index, normalized	0.014				0.007			
	(0.017)				(0.019)			
Inflation Targeters	0.997				1.181			
	(0.890)				(1.069)			
Financial development index	-0.067	**	-0.059	**	-0.038			
	(0.029)		(0.025)		(0.027)			
CESEE	6.976	***	7.072	***				
	(1.105)		(1.045)					
Central Bank Independence	0.011				0.024			
	(0.032)				(0.034)			
Institutional score	0.093		0.112		0.048			
	(0.081)		(0.067)		(0.080)			
Chinn-Ito index, normalized # CESEE					0.043	**	0.060	***
					(0.021)		(0.013)	
Inflation Targeters # CESEE					-1.232			
					(1.758)			
Financial development index # CESEE					-0.101		-0.129	***
					(0.053)		(0.044)	
Central Bank Independence # CESEE					-0.070		-0.076	
					(0.052)		(0.040)	
Institutional score # CESEE					0.191	***	0.200	***
					(0.066)		(0.048)	
Intercept	8.016		9.215		9.215		13.936	***
	(5.613)		(4.800)		(5.637)		(0.577)	
Number of observations	87		87		87		87	
R-squared	0.71		0.70		0.73		0.72	
RMSE	3.89		3.79		3.84		3.70	
AIC	495.17		484.72		495.91		481.12	

The explained variable is the variation over the cycle of the consumer price inflation, expressed as percentage. Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables Robust SE in parenthesis.

- *Cross-sectional regressions: Real GDP growth*

Growth before GFC (Dec 2005 - Aug 2008)

	1	2		3		4	
Current Account Balance	0.118	0.116		0.108		0.109	
	(0.091)	(0.078)		(0.086)		(0.078)	
Reserves-to-GDP Ratio	-0.042	-0.050		-0.043		-0.050	
	(0.044)	(0.035)		(0.046)		(0.036)	
General Gov. Gross Debt	0.012			-0.000			
	(0.015)			(0.016)			
Consumer Price Inflation	0.159			-0.063			
	(0.184)			(0.176)			
Fuel Export on Total Exports	-0.037	-0.041		-0.040		-0.034	
	(0.025)	(0.023)		(0.023)		(0.021)	
Fuel Import on Total Imports	-0.010			0.018			
	(0.062)			(0.057)			
Chinn-Ito index, normalized	0.003			0.015		0.016	
	(0.016)			(0.014)		(0.011)	
Inflation Targeters	0.828			0.369			
	(0.868)			(0.875)			
Financial Development Index	-0.035	-0.046	***	-0.044		-0.054	***
	(0.025)	(0.017)		(0.023)		(0.018)	
CESEE	-2.240	-2.194					
	(1.502)	(1.269)					
Central Bank Independence	0.017			0.014			
	(0.026)			(0.028)			
Institutional Score	-0.040			-0.054			
	(0.062)			(0.057)			
Chinn-Ito index, normalized # CESEE				-0.079		-0.072	
				(0.042)		(0.043)	
Inflation Targeters # CESEE				0.879			
				(2.316)			
Financial Development Index # CESEE				-0.087			
				(0.135)			
Central Bank Independence # CESEE				-0.298		-0.280	**
				(0.161)		(0.138)	
Institutional Score # CESEE				0.389	**	0.328	**
				(0.181)		(0.140)	
Intercept	0.113	0.399		2.224		-0.419	
	(6.130)	(1.250)		(5.584)		(1.417)	
Number of observations	61	61		61		61	
R-squared	0.28	0.24		0.38		0.35	
RMSE	2.90	2.78		2.81		2.65	
AIC	314.22	303.68		313.34		300.10	

The explained variable is the variation over the cycle of real GDP growth, expressed as percentage. Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables Robust SE in parenthesis.

GDP growth during the GFC (Sep 2008 - Jul 2009)

	1		2		3		4	
Current Account Balance	0.011				-0.014			
	(0.044)				(0.041)			
Reserves-to-GDP ratio	0.003				-0.001			
	(0.031)				(0.035)			
General Gov. Gross Debt	0.014				-0.002			
	(0.014)				(0.016)			
Consumer Price Inflation	0.041				0.020			
	(0.157)				(0.154)			
Fuel Export on Total Exports	0.007				0.018			
	(0.023)				(0.025)			
Fuel Import on Total Imports	0.027				0.079		0.059	
	(0.059)				(0.064)		(0.045)	
Chinn-Ito index, normalized	-0.049	***	-0.049	***	-0.035	**	-0.037	***
	(0.015)		(0.014)		(0.017)		(0.014)	
Inflation Targeters	0.215				-1.090			
	(0.798)				(0.949)			
Financial Development Index	0.041		0.038	**	0.036		0.032	
	(0.022)		(0.016)		(0.022)		(0.016)	
CESEE	-2.887	**	-3.268	***				
	(1.284)		(1.041)					
Central Bank Independence	0.008				-0.013			
	(0.025)				(0.025)			
Institutional Score	-0.022				0.006			
	(0.057)				(0.057)			
Chinn-Ito index, normalized # CESEE					-0.056	**	-0.053	**
					(0.023)		(0.023)	
Inflation Targeters # CESEE					4.836	***	3.640	***
					(1.500)		(1.003)	
Financial Development Index # CESEE					0.031			
					(0.046)			
Central Bank Independence # CESEE					0.086		0.085	**
					(0.047)		(0.041)	
Institutional Score # CESEE					-0.113	**	-0.096	
					(0.051)		(0.064)	
Intercept	-1.126		-0.639		-2.108		-2.029	
	(3.851)		(1.072)		(4.270)		(1.217)	
Number of observations	68		68		68		68	
R-squared	0.42		0.40		0.53		0.50	
RMSE	2.92		2.75		2.73		2.58	
AIC	350.24		334.51		344.03		329.44	

The explained variable is the variation over the cycle of real GDP growth, expressed as percentage. Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables Robust SE in parenthesis.

GDP growth during the GFC Normalization (Aug 2009 - May 2011)

	1		2		3		4	
Current Account Balance	0.080				0.100			
	(0.107)				(0.110)			
Reserves-to-GDP ratio	-0.018				-0.011			
	(0.060)				(0.067)			
General Gov. Gross Debt	-0.037		-0.049	**	-0.016			
	(0.022)		(0.022)		(0.021)			
Consumer Price Inflation	0.223				0.089			
	(0.219)				(0.215)			
Fuel Export on Total Exports	-0.089	**	-0.070	**	-0.083		-0.048	
	(0.042)		(0.031)		(0.043)		(0.031)	
Fuel Import on Total Imports	-0.034				-0.085		-0.114	**
	(0.073)				(0.060)		(0.055)	
Chinn-Ito index, normalized	0.047	**	0.045	**	0.029			
	(0.023)		(0.021)		(0.027)			
Inflation Targeters	0.633				1.477		1.367	
	(1.155)				(1.197)		(1.051)	
Financial Development Index	-0.009				-0.027			
	(0.035)				(0.039)			
CESEE	4.579	**	3.989	**				
	(1.993)		(1.716)					
Central Bank Independence	-0.015				-0.019			
	(0.037)				(0.036)			
Institutional Score	0.100				0.120		0.082	
	(0.081)				(0.081)		(0.055)	
Chinn-Ito index, normalized # CESEE					0.140	**	0.176	***
					(0.057)		(0.044)	
Inflation Targeters # CESEE					-2.257		-3.212	
					(2.948)		(2.394)	
Financial Development Index # CESEE					-0.088			
					(0.131)			
Central Bank Independence # CESEE					0.382	**	0.343	**
					(0.183)		(0.154)	
Institutional Score # CESEE					-0.437	**	-0.474	***
					(0.215)		(0.178)	
Intercept	-3.325		4.040	**	-1.885		0.170	
	(6.893)		(1.799)		(6.492)		(4.827)	
Number of observations	71		71		71		71	
R-squared	0.37		0.33		0.47		0.41	
RMSE	4.60		4.46		4.40		4.30	
AIC	429.71		418.75		426.32		416.87	

The explained variable is the variation over the cycle of real GDP growth, expressed as percentage. Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables Robust SE in parenthesis.

GDP growth during the Euro Crisis then COVID-19 (Jun 2011 - Sep 2020)

	1	2		3		4	
Current Account Balance	0.032			0.039			
	(0.094)			(0.094)			
Reserves-to-GDP ratio	-0.048	-0.043	**	-0.053	**	-0.044	**
	(0.026)	(0.019)		(0.026)		(0.018)	
General Gov. Gross Debt	0.020	0.022		0.016		0.022	
	(0.013)	(0.012)		(0.013)		(0.012)	
Consumer Price Inflation	0.012			0.024			
	(0.198)			(0.224)			
Fuel Export on Total Exports	-0.019			-0.022			
	(0.024)			(0.023)			
Fuel Import on Total Imports	0.064	0.068		0.081		0.077	
	(0.058)	(0.049)		(0.062)		(0.049)	
Chinn-Ito index, normalized	0.013			0.007			
	(0.016)			(0.019)			
Inflation Targeters	-0.211			-0.795			
	(1.019)			(1.140)			
Financial development index	0.030	0.033		0.037		0.032	
	(0.028)	(0.020)		(0.031)		(0.020)	
CESEE	1.603	1.572					
	(0.941)	(0.909)					
Central Bank Independence	-0.010			-0.009			
	(0.037)			(0.041)			
Institutional score	-0.037			-0.041			
	(0.066)			(0.074)			
Chinn-Ito index, normalized # CESEE				0.029		0.024	***
				(0.035)		(0.008)	
Inflation Targeters # CESEE				2.895			
				(2.520)			
Financial development index # CESEE				-0.063			
				(0.101)			
Central Bank Independence # CESEE				-0.038			
				(0.071)			
Institutional score # CESEE				0.052			
				(0.060)			
Intercept	-6.863	-10.219	***	-6.414		-10.296	***
	(5.195)	(1.542)		(5.617)		(1.544)	
Number of observations	80	80		80		80	
R-squared	0.22	0.20		0.25		0.22	
RMSE	3.73	3.59		3.78		3.57	
AIC	449.60	437.42		454.84		436.26	

The explained variable is the variation over the cycle of real GDP growth, expressed as percentage. Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables Robust SE in parenthesis

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GDP growth variation during the Post COVID-19 cycle (Oct 2020 - Sep 2023)

	1	2	3		4	
Current Account Balance	-0.108		-0.155			
	(0.135)		(0.141)			
Reserves-to-GDP ratio	-0.007		-0.007			
	(0.033)		(0.029)			
General Gov. Gross Debt	-0.012		-0.015			
	(0.014)		(0.014)			
Consumer Price Inflation	-0.207		-0.496		-0.470	**
	(0.273)		(0.260)		(0.189)	
Fuel Export on Total Exports	-0.013		-0.006			
	(0.024)		(0.025)			
Fuel Import on Total Imports	-0.056		0.027			
	(0.088)		(0.089)			
Chinn-Ito index, normalized	0.017		0.006			
	(0.017)		(0.018)			
Inflation Targeters	-0.228		-0.777			
	(1.033)		(1.132)			
Financial Development Index	-0.008		-0.050	**	-0.077	***
	(0.028)		(0.023)		(0.022)	
CESEE	-2.441	-2.333				
	(1.564)	(1.334)				
Central Bank Independence	0.041	0.059	0.020			
	(0.038)	(0.031)	(0.036)			
Institutional Score	-0.020		0.094		0.137	**
	(0.077)		(0.077)		(0.065)	
Chinn-Ito index, normalized # CESEE			0.013			
			(0.031)			
Inflation Targeters # CESEE			2.012			
			(2.666)			
Financial Development Index # CESEE			0.269	**	0.285	**
			(0.129)		(0.111)	
Central Bank Independence # CESEE			0.163		0.162	
			(0.114)		(0.107)	
Institutional Score # CESEE			-0.362	***	-0.344	***
			(0.114)		(0.108)	
Intercept	8.055	3.658	4.023		2.947	
	(6.727)	(2.203)	(6.808)		(4.622)	
Number of observations	76	76	76		76	
R-squared	0.15	0.08	0.28		0.22	
RMSE	4.09	3.94	3.86		3.72	
AIC	441.41	426.97	435.84		422.02	

The explained variable is the variation over the cycle of real GDP growth, expressed as percentage. Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables Robust SE in parenthesis.

- *Cross-sectional regressions: Real GDP growth (coefficient of variation)*

CV of Real GDP growth Before GFC (Dec 2005 - Aug 2008)

	1		2		3		4	
Current Account Balance	-0.009				-0.006			
	(0.027)				(0.029)			
Reserves-to-GDP ratio	0.039	***	0.037	***	0.041	***	0.037	***
	(0.013)		(0.010)		(0.013)		(0.010)	
General Gov. Gross Debt	-0.009		-0.011	**	-0.005		-0.010	
	(0.006)		(0.005)		(0.006)		(0.005)	
Consumer Price Inflation	0.145	**	0.138	**	0.169	***	0.127	**
	(0.058)		(0.055)		(0.056)		(0.048)	
Fuel Export on Total Exports	0.005				0.005			
	(0.008)				(0.008)			
Fuel Import on Total Imports	0.108	***	0.101	***	0.094	***	0.093	***
	(0.029)		(0.025)		(0.030)		(0.024)	
Chinn-Ito index, normalized	-0.016	***	-0.016	***	-0.020	***	-0.017	***
	(0.006)		(0.006)		(0.007)		(0.005)	
Inflation Targeters	0.227				0.492			
	(0.453)				(0.510)			
Financial Development Index	-0.018	**	-0.018	**	-0.015		-0.016	**
	(0.009)		(0.008)		(0.010)		(0.008)	
CESEE	-0.039							
	(0.573)							
Central Bank Independence	0.022	**	0.019	**	0.025	**	0.019	**
	(0.010)		(0.007)		(0.011)		(0.007)	
Institutional Score	0.012				0.007			
	(0.021)				(0.021)			
Chinn-Ito index, normalized # CESEE					0.014			
					(0.013)			
Inflation Targeters # CESEE					-0.525			
					(0.923)			
Financial Development Index # CESEE					-0.050		-0.064	
					(0.041)		(0.032)	
Central Bank Independence # CESEE					0.063		0.027	**
					(0.052)		(0.013)	
Institutional Score # CESEE					-0.055			
					(0.058)			
Intercept	1.245		2.665	***	1.220		2.767	***
	(2.066)		(0.736)		(2.138)		(0.741)	
Number of observations	61		61		61		61	
R-squared	0.70		0.70		0.74		0.72	
RMSE	1.08		1.04		1.05		1.01	
AIC	193.88		184.95		193.37		183.12	

The explained variable is the variation over the cycle of the real GDP growth's coefficient of variation (computed as the ratio between the standard error and the mean). Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables. Robust SE in parenthesis.

CV of Real GDP growth during the GFC Normalization (Aug 2009 - May 2011)

	1		2		3		4	
Current Account Balance	0.007				0.008			
	(0.020)				(0.022)			
Reserves-to-GDP ratio	0.013		0.013	**	0.012		0.014	***
	(0.008)		(0.005)		(0.008)		(0.005)	
General Gov. Gross Debt	-0.003				-0.004			
	(0.004)				(0.004)			
Consumer Price Inflation	0.007				0.013			
	(0.031)				(0.036)			
Fuel Export on Total Exports	-0.002				-0.003			
	(0.007)				(0.008)			
Fuel Import on Total Imports	0.026		0.024	**	0.029		0.025	**
	(0.014)		(0.011)		(0.014)		(0.012)	
Chinn-Ito index, normalized	-0.002				0.000			
	(0.004)				(0.005)			
Inflation Targeters	0.086				0.063			
	(0.255)				(0.317)			
Financial Development Index	-0.010		-0.018	***	-0.011		-0.018	***
	(0.007)		(0.004)		(0.007)		(0.004)	
CESEE	-0.504		-0.509		1.381			
	(0.318)		(0.273)		(3.212)			
Exchange Rate Stability Index	-0.002				-0.001			
	(0.004)				(0.005)			
Central Bank Independence	0.006				0.004			
	(0.010)				(0.010)			
Institutional Score	-0.019				-0.013			
	(0.017)				(0.017)			
Chinn-Ito index, normalized # CESEE					-0.012		-0.009	
					(0.010)		(0.006)	
Inflation Targeters # CESEE					0.389		0.541	
					(0.552)		(0.390)	
Financial Development Index # CESEE					-0.007			
					(0.022)			
Central Bank Independence # CESEE					0.030		0.052	**
					(0.028)		(0.023)	
Institutional Score # CESEE					-0.044		-0.056	**
					(0.040)		(0.026)	
Intercept	3.736	**	2.808	***	3.325	**	2.772	***
	(1.439)		(0.350)		(1.389)		(0.356)	
Number of observations	70		70		70		70	
R-squared	0.38		0.34		0.43		0.39	
RMSE	0.82		0.79		0.83		0.77	
AIC	182.89		170.03		188.13		169.74	

The explained variable is the variation over the cycle of the real GDP growth's coefficient of variation (computed as the ratio between the standard error and the mean). Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables. Robust SE in parenthesis.

CV of Real GDP growth during the GFC Normalization (Aug 2009 - May 2011)

	1		2		3		4	
Current Account Balance	0.007				0.008			
	(0.020)				(0.022)			
Reserves-to-GDP ratio	0.013		0.013	**	0.012		0.014	***
	(0.008)		(0.005)		(0.008)		(0.005)	
General Gov. Gross Debt	-0.003				-0.004			
	(0.004)				(0.004)			
Consumer Price Inflation	0.007				0.013			
	(0.031)				(0.036)			
Fuel Export on Total Exports	-0.002				-0.003			
	(0.007)				(0.008)			
Fuel Import on Total Imports	0.026		0.024	**	0.029		0.025	**
	(0.014)		(0.011)		(0.014)		(0.012)	
Chinn-Ito index, normalized	-0.002				0.000			
	(0.004)				(0.005)			
Inflation Targeters	0.086				0.063			
	(0.255)				(0.317)			
Financial Development Index	-0.010		-0.018	***	-0.011		-0.018	***
	(0.007)		(0.004)		(0.007)		(0.004)	
CESEE	-0.504		-0.509		1.381			
	(0.318)		(0.273)		(3.212)			
Exchange Rate Stability Index	-0.002				-0.001			
	(0.004)				(0.005)			
Central Bank Independence	0.006				0.004			
	(0.010)				(0.010)			
Institutional Score	-0.019				-0.013			
	(0.017)				(0.017)			
Chinn-Ito index, normalized # CESEE					-0.012		-0.009	
					(0.010)		(0.006)	
Inflation Targeters # CESEE					0.389		0.541	
					(0.552)		(0.390)	
Financial Development Index # CESEE					-0.007			
					(0.022)			
Central Bank Independence # CESEE					0.030		0.052	**
					(0.028)		(0.023)	
Institutional Score # CESEE					-0.044		-0.056	**
					(0.040)		(0.026)	
Intercept	3.736	**	2.808	***	3.325	**	2.772	***
	(1.439)		(0.350)		(1.389)		(0.356)	
Number of observations	70		70		70		70	
R-squared	0.38		0.34		0.43		0.39	
RMSE	0.82		0.79		0.83		0.77	
AIC	182.89		170.03		188.13		169.74	

The explained variable is the variation over the cycle of the real GDP growth's coefficient of variation (computed as the ratio between the standard error and the mean). Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables. Robust SE in parenthesis.

Real GDP growth during the Euro Crisis then COVID-19 (Jun 2011 - Sep 2020)

	1		2		3		4	
Current Account Balance	-0.047				-0.039			
	(0.051)				(0.048)			
Reserves-to-GDP ratio	0.036		0.028		0.027		0.027	
	(0.019)		(0.015)		(0.019)		(0.015)	
General Gov. Gross Debt	-0.012		-0.010		-0.013			
	(0.008)		(0.008)		(0.008)			
Consumer Price Inflation	0.106				0.116			
	(0.166)				(0.157)			
Fuel Export on Total Exports	-0.041	**	-0.047	***	-0.039	**	-0.041	***
	(0.019)		(0.012)		(0.017)		(0.012)	
Fuel Import on Total Imports	-0.003				0.048			
	(0.052)				(0.047)			
Chinn-Ito index, normalized	-0.006				-0.016			
	(0.012)				(0.015)			
Inflation Targeters	-0.031				-0.479			
	(0.885)				(0.933)			
Financial Development Index	-0.033		-0.059	***	-0.039		-0.071	***
	(0.022)		(0.013)		(0.021)		(0.013)	
CESEE	-1.384		-1.330					
	(0.874)		(0.756)					
Exchange Rate Stability Index	-0.003				0.004			
	(0.014)				(0.013)			
Central Bank Independence	0.019				-0.001			
	(0.030)				(0.031)			
Institutional Score	-0.041				-0.003			
	(0.052)				(0.054)			
Chinn-Ito index, normalized # CESEE					0.036			
					(0.019)			
Inflation Targeters # CESEE					2.859	**	1.946	**
					(1.252)		(0.851)	
Financial Development Index # CESEE					0.067		0.087	**
					(0.039)		(0.038)	
Central Bank Independence # CESEE					0.086	**	0.081	***
					(0.034)		(0.018)	
Institutional Score # CESEE					-0.187	***	-0.156	***
					(0.045)		(0.016)	
Intercept	12.141	**	11.516	***	10.700	**	11.491	***
	(4.686)		(0.967)		(4.666)		(0.972)	
Number of observations	79		79		79		79	
R-squared	0.31		0.28		0.39		0.34	
RMSE	2.92		2.82		2.82		2.74	
AIC	406.22		393.84		403.77		391.01	

The explained variable is the variation over the cycle of the real GDP growth's coefficient of variation (computed as the ratio between the standard error and the mean). Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables. Robust SE in parenthesis.

CV of Real GDP growth variation during the Post COVID-19 cycle (Oct 2020 - Sep 2023)

	1	2		3		4	
Current Account Balance	-0.003			-0.013			
	(0.032)			(0.030)			
Reserves-to-GDP ratio	-0.008	-0.009		-0.006		-0.009	**
	(0.007)	(0.005)		(0.006)		(0.004)	
General Gov. Gross Debt	0.001			0.000			
	(0.004)			(0.004)			
Consumer Price Inflation	-0.002			-0.058		-0.072	
	(0.061)			(0.059)		(0.045)	
Fuel Export on Total Exports	-0.007	-0.007		-0.008		-0.009	
	(0.007)	(0.005)		(0.007)		(0.005)	
Fuel Import on Total Imports	0.002			0.010			
	(0.024)			(0.027)			
Chinn-Ito index, normalized	-0.004			-0.002			
	(0.006)			(0.006)			
Inflation Targeters	-0.376	-0.365		-0.258		-0.352	
	(0.394)	(0.240)		(0.411)		(0.236)	
Financial Development Index	-0.006			-0.017	**	-0.012	**
	(0.007)			(0.007)		(0.006)	
CESEE	-0.108						
	(0.365)						
Exchange Rate Stability Index	-0.001			0.003			
	(0.010)			(0.010)			
Central Bank Independence	0.001			-0.001			
	(0.011)			(0.011)			
Institutional Score	0.010			0.027			
	(0.020)			(0.022)			
Chinn-Ito index, normalized # CESEE				-0.022	**	-0.024	***
				(0.010)		(0.005)	
Inflation Targeters # CESEE				0.013			
				(0.636)			
Financial Development Index # CESEE				0.067	***	0.047	***
				(0.022)		(0.014)	
Central Bank Independence # CESEE				-0.008			
				(0.020)			
Institutional Score # CESEE				-0.004			
				(0.028)			
Intercept	2.974	3.239	***	2.155		4.075	***
	(1.765)	(0.234)		(1.837)		(0.428)	
Number of observations	75	75		75		75	
R-squared	0.09	0.07		0.25		0.21	
RMSE	1.11	1.04		1.04		0.98	
AIC	240.42	222.59		234.76		217.72	

The explained variable is the variation over the cycle of the real GDP growth's coefficient of variation (computed as the ratio between the standard error and the mean). Model 1 is the full baseline model. Model 2 is the model with a backward selection procedure. Model 3 is Model 1 with interaction with a CESEE dummy. Model 4 is Model 3 with a backward selection procedure. Both selections based on p-values or on AIC give similar results for the selection of variables. Robust SE in parenthesis.