Online Appendix for Real Effects of Sovereign Debt Inflow Shocks

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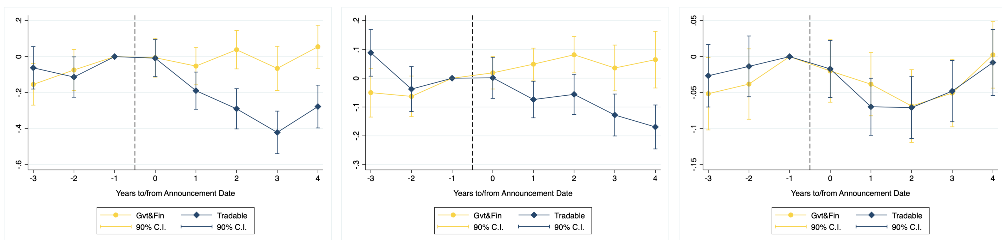
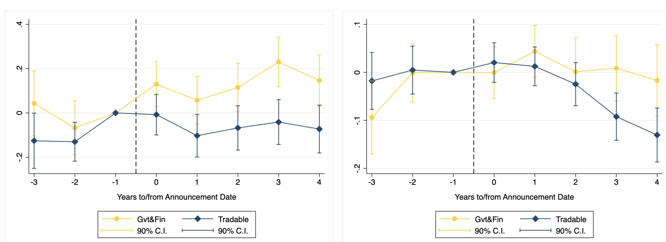
Additional Figures and Tables

Figure A1 : Coefficients of Leads-and-lags Regressions (Enlarged Sample Period)



a. Pretax Income **b.** Number of Employees **c.** Pay Dividends



d. Dividends Per Share **e.** Total Assets

Note: This figure depicts the evolution of the estimated coefficients of $Gvt\&Fin$ and $Tradable$ on our main variables of interest, which are: Pretax Income (in logs), Number of Employees (in logs), Pay Dividends (a dummy variable which is equal to one if a firm pays non-zero dividends in a given year), Dividends per Share (in logs), and Total Assets (in logs). $Gvt\&Fin$ is a dummy variable which takes value one for financial firms and government-related firms. $Tradable$ is a dummy variable which takes value one for firms operating in tradable sectors. The coefficients are obtained by running five separate regressions in which we control for country-by-time fixed effects and firm fixed effects. The time period spans from $t = -3$ to $t = 4$, 0 being the country-specific year of the inclusion event. The 90% confidence interval reported in the figure are calculated using robust standard errors.

Table A1: Baseline Estimation with Enlarged Sample Period

Balance Sheet Variables					
	Pretax Income	Number of Employees	Pay Dividends	Dividends per share	Total Assets
Gvt&Fin×Post	0.078*	0.082***	-0.001	0.140***	0.036
	(0.040)	(0.029)	(0.017)	(0.037)	(0.024)
Tradable×Post	-0.166***	-0.091***	-0.032**	0.024	-0.030*
	(0.040)	(0.028)	(0.015)	(0.037)	(0.018)
HighEFD×Post	0.235***	0.034	0.094***	0.014	-0.101***
	(0.071)	(0.042)	(0.017)	(0.074)	(0.028)
Firm FE	Yes	Yes	Yes	Yes	Yes
Country-Time FE	Yes	Yes	Yes	Yes	Yes
N. of Firms	1506	1257	1576	1088	1658
Observations	9060	6967	10628	6345	11243
R^2	0.95	0.96	0.70	0.95	0.98

Note: This table reports the estimated coefficients of Equation 1 including also an indicator for highly financially constrained firms. The outcome variables Pretax Income, Number of Employees, Dividends per Share, and Total Assets are in logs. Pay Dividends is a dummy variable which takes value one if a firm pays positive dividends in a given year. *Gvt&Fin* is a dummy variable which takes value one for financial firms and government-related firms. *Tradable* is a dummy variable which takes value one for firms operating in tradable sectors. *HighEFD* is an indicator variable which is equal to one for firms belonging to the top quartile of the country-specific distribution of the proxy for external financial dependance. *Post* is an indicator variable which is equal to one in the year of the event and afterwards. The time period spans from $t = -3$ to $t = 4$, 0 being the country-specific year of the inclusion event. Robust standard errors in parentheses. *p< 0.10, **p< 0.05, ***p< 0.01.

Table A2: Estimation with Interactions with Shock Size

Balance Sheet Variables					
	Pretax Income	Number of Employees	Pay Dividends	Dividends per share	Total Assets
Gvt&Fin×ΔYield×Post	0.016	0.308***	-0.015	0.301**	-0.004
	(0.135)	(0.104)	(0.057)	(0.147)	(0.059)
Tradable×ΔExchRate×Post	-11.978***	-5.987***	-2.805***	-1.474	-3.545***
	(2.392)	(1.768)	(0.835)	(1.973)	(1.082)
HighEFD×ΔYield×Post	0.494*	0.161	0.229***	0.327	-0.217***
	(0.254)	(0.243)	(0.078)	(0.288)	(0.069)
Firm FE	Yes	Yes	Yes	Yes	Yes
Country-Time FE	Yes	Yes	Yes	Yes	Yes
N. of Firms	1470	1240	1530	1048	1628
Observations	7978	6197	9320	5546	9901
R^2	0.95	0.96	0.72	0.96	0.99

Note: This table reports the estimated coefficients of a modified version of Equation 1 in which we include the indicator for highly financially constrained firms and we also interact the variables of interest with the percentage change in each country's 5-year sovereign bond yield (ΔYield) and exchange rate (ΔExchRate) in the two days following the announcement of the inclusion event. The outcome variables Net Pretax Income, Number of Employees, Dividends per Share, and Total Assets are in logs. Pay Dividends is a dummy variable which takes value one if a firm pays positive dividends in a given year. *Gvt&Fin* is a dummy variable which takes value one for financial firms and government-related firms. *Tradable* is a dummy variable which takes value one for firms operating in tradable sectors. *HighEFD* is an indicator variable which is equal to one for firms belonging to the top quartile of the country-specific distribution of the proxy for external financial dependance. *Post* is an indicator variable which is equal to one in the year of the event and afterwards. The time period spans from $t = -3$ to $t = 3$, 0 being the country-specific year of the inclusion event. Robust standard errors in parentheses. *p< 0.10, **p< 0.05, ***p< 0.01.