

The Sources of International Investment Income in
Emerging Market Economies

by

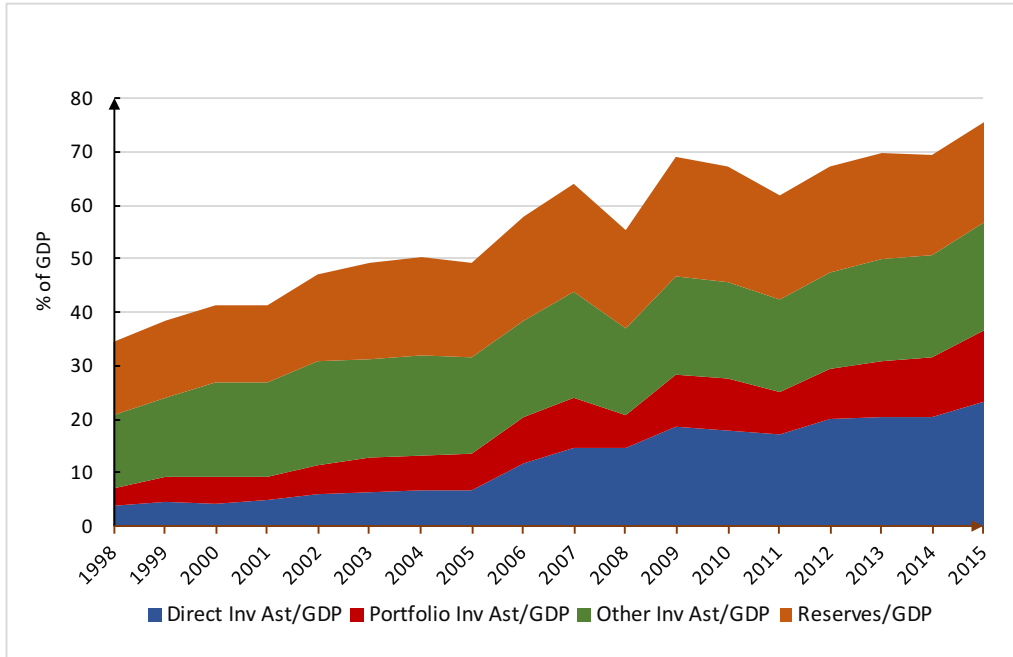
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Online Appendix

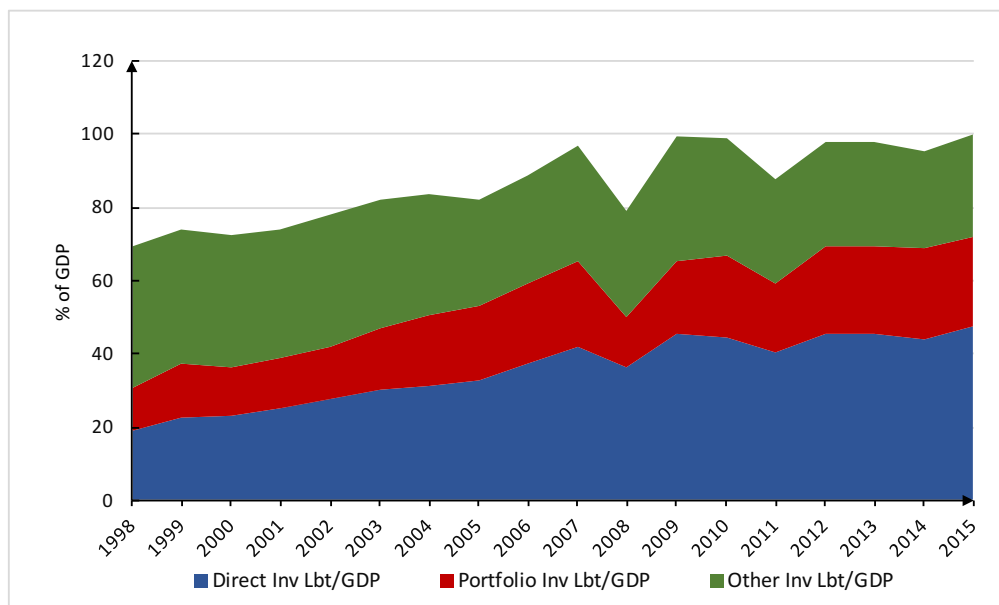
Appendix Figure 1

Direct Investment Assets/GDP, Portfolio Investment Assets/GDP, Other Investment Assets/GDP and Foreign Reserves/GDP



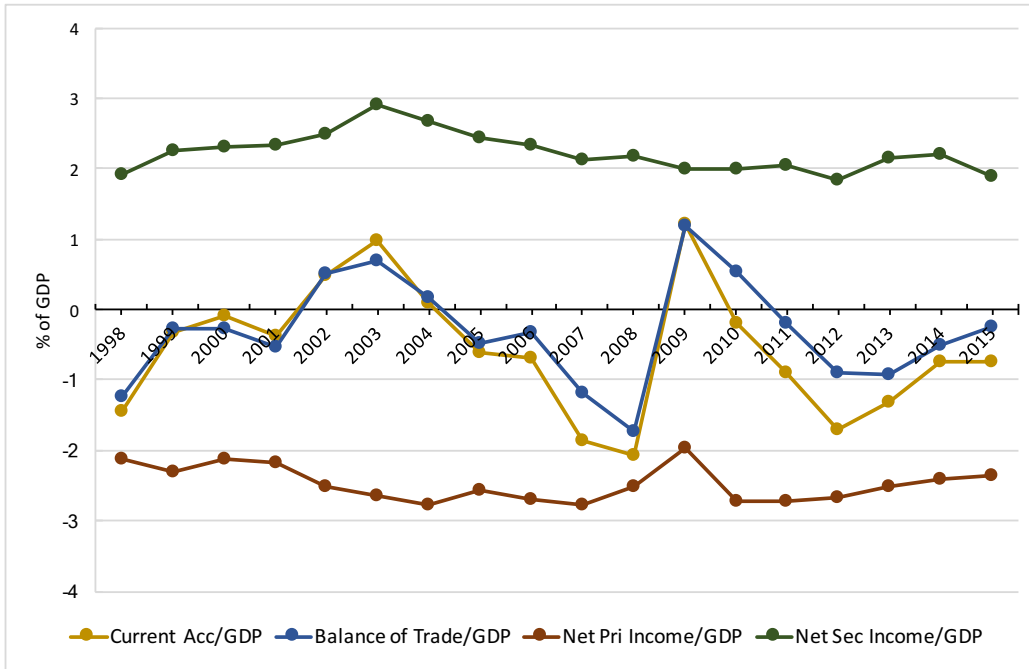
Appendix Figure 2

Domestic Investment Liabilities/GDP, Portfolio Investment Liabilities/GDP And Other Investment Liabilities/GDP



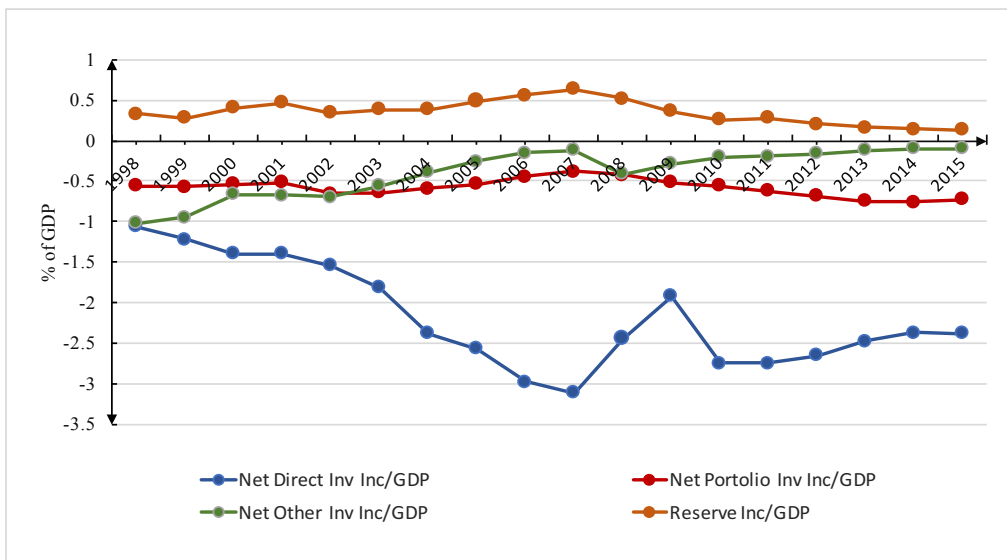
Appendix Figure 3

Current Account/GDP, Balance of Trade/GDP,
Net Primary Income/GDP and Net Secondary Income/GDP



Appendix Figure 4

Net Direct Investment Income/GDP, Net Portfolio Income/GDP,
Net Other Investment Income/GDP and Reserves Income/GDP



Appendix Table A1

Data and Sources

<i>Variable</i>	<i>Source</i>
Assets/GDP, Liabilities/GDP (%)	<i>EWN</i>
Capital Openness Index (rescaled to 1-100)	Chinn-Ito (2006)
Direct Investment Assets/GDP, Direct Investment Liabilities/GDP (%)	<i>EWN</i>
Direct Investment Income Credits/GDP, Direct Investment Income Debits/GDP (%)	<i>BOPS, WDI</i>
Exchange Rate (Domestic currency value of dollar, average)	<i>IFS</i>
Financial Development, Financial Institutions, Financial Markets (scaled to 1-100)	<i>FDI</i>
Domestic GDP Growth (%)	<i>WDI</i>
GDP per capita (constant 2010 thousands of \$)	<i>WDI</i>
Investment Income Credits/GDP, Investment Income Debits/GDP (%)	<i>BOPS</i>
Investment Profile (1 – 12)	<i>ICRG</i>
Law & Order (1 – 6)	<i>ICRG</i>
NIIP/GDP (Net International Investment Position/GDP) (%)	<i>EWN</i>
Net Direct Investment Income/GDP, Net Investment Income/GDP, Net Portfolio Investment Income/GDP, Net Other Investment Income/GDP (%)	<i>BOPS, WDI</i>
Other Investments Assets/GDP, Other Investment Liabilities/GDP (%)	<i>EWN</i>
Other Investment Credits/GDP, Other Investment Debits/GDP (%)	<i>BOPS, WDI</i>
Portfolio Investment (Equity + Debt) Assets/GDP, Portfolio Investment (Equity + Debt) Liabilities/GDP (%)	<i>EWN</i>
Portfolio Investment (Equity + Debt) Income Credits/GDP, Portfolio Investment (Equity + Debt) Income Debits/GDP (%)	<i>BOPS, WDI</i>
Reserves/GDP (%)	<i>EWN</i>
Reserve Income/GDP (%)	<i>BOPS, WDI</i>
Trade Openness (Exports + Imports/GDP) (%)	<i>WDI</i>

Note: *BOPS*: Balance of Payments Statistics, IMF; *EWN* = External Wealth of Nations, Lane and Milesi-Ferretti (2007); *FDI* = Financial Development Index Database, IMF; *ICRG* = International Country Risk Guide, PRS Group; *WDI* = World Development Indicators, World Bank

Appendix Table A2

Summary Statistics

<i>Variable</i>	<i>Mean</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Standard Dev</i>
Assets/GDP	53.01	5.52	256.43	37.74
Capital Openness	53.09	0.00	100.00	15.66
Direct Inv Assets/GDP	10.98	0.00	187.40	23.03
Direct Inv Income Credits/GDP	0.49	-0.24	10.74	1.12
Direct Inv Income Debits/GDP	2.48	-5.39	14.99	2.60
Direct Inv Liabilities/GDP	32.46	2.15	245.69	31.63
$\Delta \ln(\text{Exchange Rate})$	0.05	-0.33	1.23	0.15
Financial Development	39.99	10.00	86.00	14.26
Financial Institutions	43.19	15.00	82.00	15.21
Financial Markets	35.91	3.00	89.00	10.02
Domestic Income Growth	4.16	-14.81	18.29	3.99
GDP Per Capita	7.94	0.62	24.97	5.09
Inv Income Credits/GDP	1.60	0.06	12.20	1.42
Inv Income Debits/GDP	4.38	-1.02	18.50	2.81
Investor Profile	8.21	2.42	12.00	2.09
Law & Order	3.60	1.00	6.00	1.11
Liabilities/GDP	83.44	26.24	381.01	50.76
Net Direct Inv Income/GDP	-1.99	-12.38	5.27	2.00
Net Inv Income/GDP	-2.77	-12.11	3.16	2.08
NIIP/GDP	-0.30	-1.60	0.61	0.29
Net Portfolio Inv Income/GDP	-0.55	-5.85	1.31	0.71
Net Other Inv Income/GDP	-0.48	-4.87	2.69	0.98
Other Inv Assets/GDP	17.10	1.27	96.49	16.54
Other Inv Credits/GDP	0.77	0.00	5.71	0.80
Other Inv Debits/GDP	1.26	0.15	6.87	1.13
Other Inv Liabilities/GDP	32.03	4.40	148.51	24.80
Portfolio Inv Assets/GDP	7.01	0.02	57.07	9.55
Portfolio Inv Credits/GDP	0.32	0.00	1.56	0.34
Portfolio Inv Debits/GDP	0.86	0.00	5.94	0.73
Portfolio Liabilities/GDP	17.79	0.20	66.37	21.21
Reserves/GDP	17.16	0.64	50.95	10.72
Reserves Income/GDP	0.30	0.00	1.32	0.29
Trade Openness	75.06	15.64	220.41	43.09

Appendix Table A3

Net Direct Investment Income/GDP, Net Portfolio Investment Income/GDP, Net Other Investment Income/GDP: Seemingly Unrelated Regressions

	(A3.1)	(A3.2)	(A3.3)
	Net Dir Inv Inc/GDP	Net Port Inv Inc/GDP	Net Oth Inv Inc/GDP
Direct Inv Assets/GDP	0.03*** (0.01)		
Direct Inv Liabilities/GDP	-0.01 (0.01)		
Portfolio Inv Assets/GDP		0.01*** (0.00)	
Portfolio Inv Liabilities/GDP		-0.03*** (0.00)	
Other Inv Assets/GDP			0.02*** (0.00)
Other Inv Liabilities/GDP			-0.03*** (0.00)
GDP Growth	-0.05*** (0.02)	0.02*** (0.01)	0.01 (0.01)
Δ Ln (Exchange Rate)	-0.70 (0.45)	-0.63*** (0.24)	-0.21 (0.22)
GDP/Per Capita	0.18*** (0.06)	0.06** (0.02)	-0.14*** (0.03)
Capital Openness	-0.02*** (0.00)	-0.00 (0.00)	0.00 (0.00)
Trade Openness	-0.02*** (0.01)	-0.00 (0.00)	0.01** (0.00)
Financial Institutions	-0.01 (0.01)	-0.00 (0.01)	0.01** (0.01)
Financial Markets	0.00 (0.01)	0.01*** (0.00)	0.01*** (0.00)
Law & Order	0.16 (0.11)	-0.10** (0.05)	0.16*** (0.05)
Investment Profile	0.08 (0.05)	0.00 (0.02)	0.02 (0.02)
Constant	-0.95 (0.68)	-2.21*** (0.40)	-1.34*** (0.36)
R ²	0.75	0.67	0.74
N	454	434	445

Note: The dependent variables are reported above the columns. All independent variables are lagged. Country and time fixed effects are also included. The symbols *, **, *** denote statistical significance of 10%, 5% and 1%.