

The nonlinear dynamics of corporate bond spreads: regime-dependent effects of their determinants

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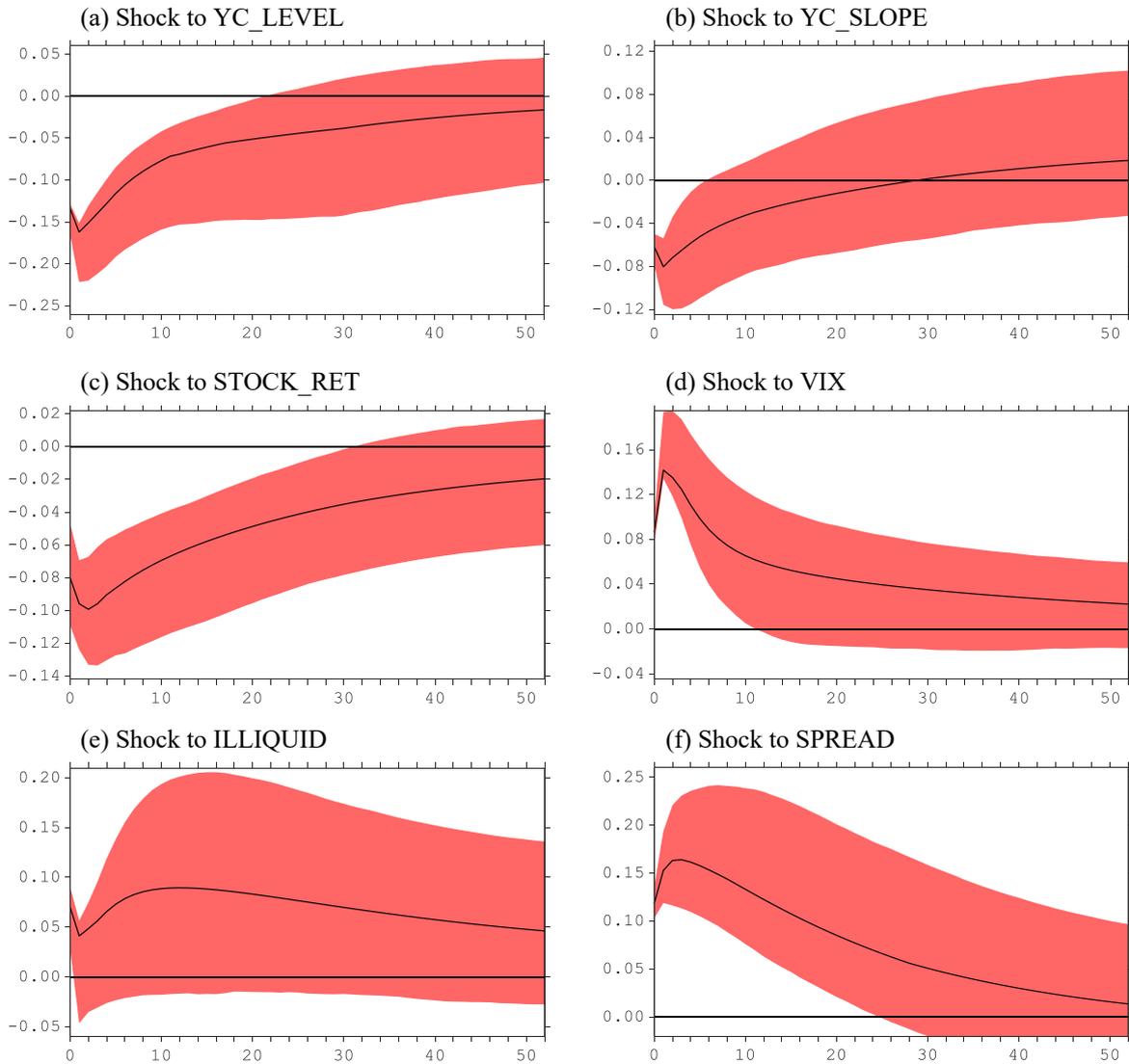
Enhanced Online Appendix

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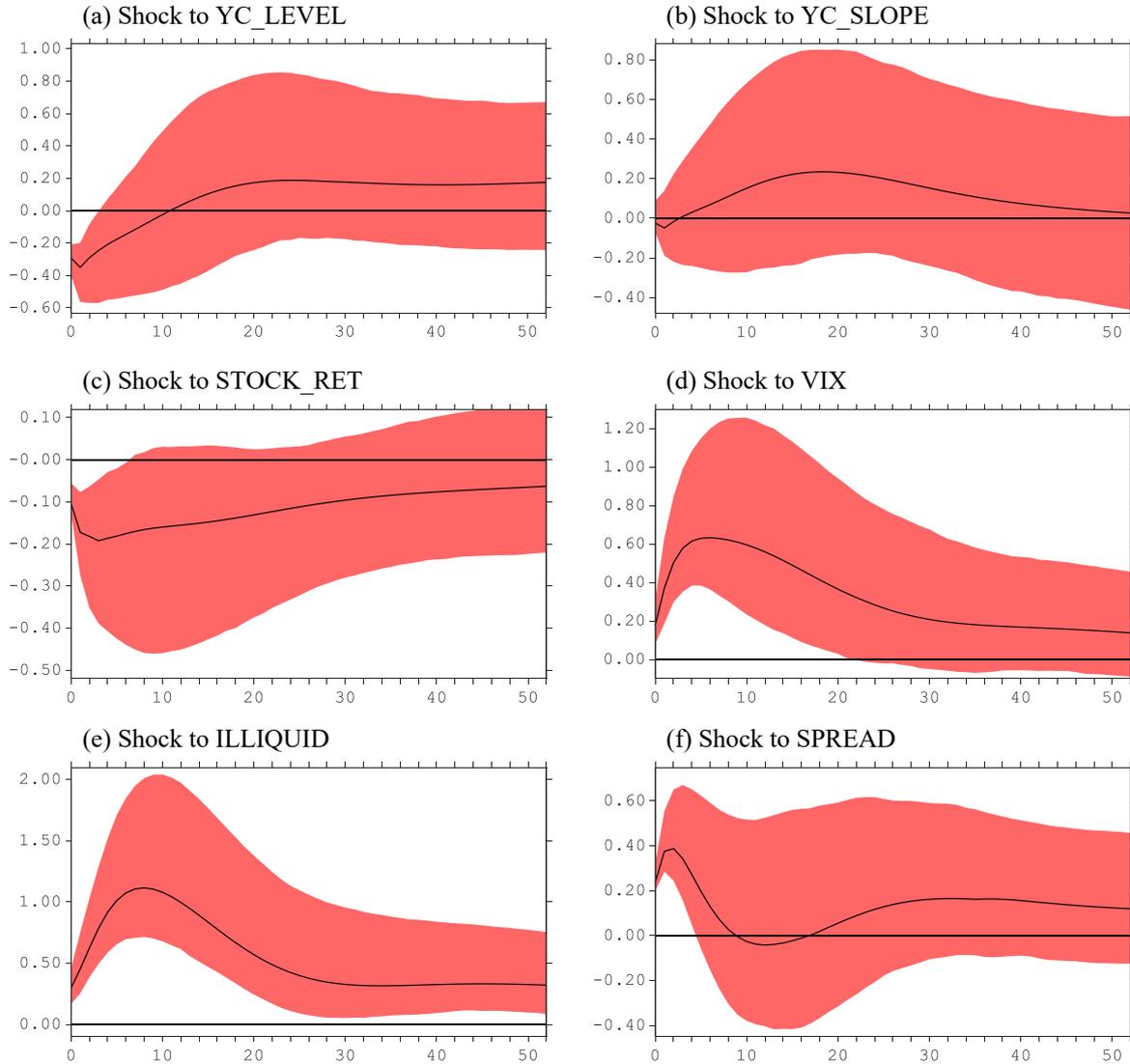
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Figure A12a
 Impulse of corporate bond spread to shocks during (low-volatility) Regime 1
 – Alternative causal ordering –



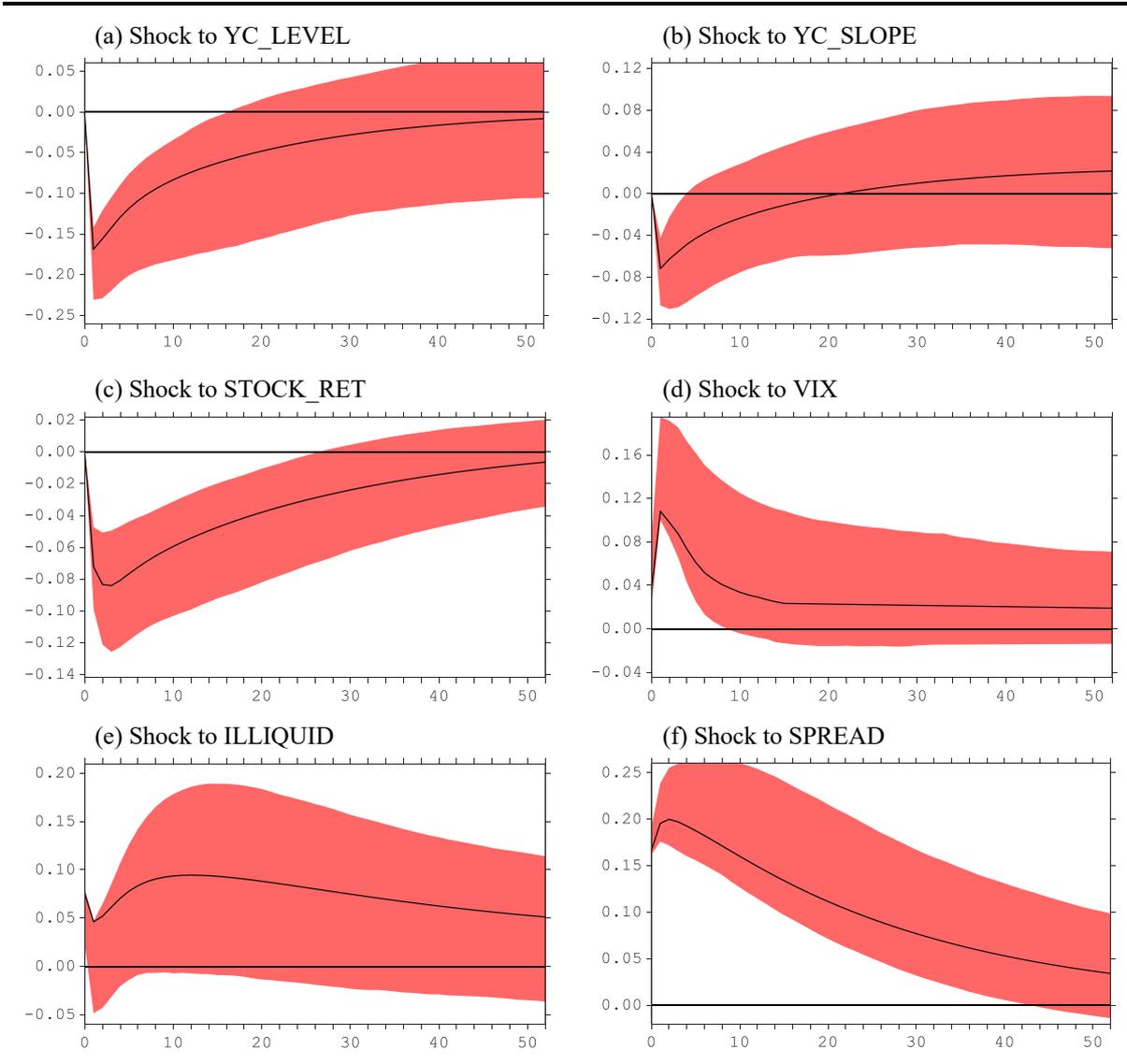
Notes: This graph plots orthogonalized impulse response functions (IRF) of the corporate bond index spread SPREAD (in percentage points) to a one standard deviation shock to the respective variable of the regime-specific VAR system during Regime 1, based on the estimation of the two-state MS-VAR(2) model as specified in equation (1) using the variables introduced in section **Error! Reference source not found.**. The structural innovations are identified using a triangular Cholesky factorization of the residuals' regime-specific covariance matrix, for which the causal ordering ILLIQUID → YC_LEVEL → YC_SLOPE → VIX → STOCK_RET → SPREAD is imposed. The shaded areas indicate the respective 99% bootstrap confidence interval calculated following Hall (1992).

Figure A12b
 Impulse of corporate bond spread to shocks during (high-volatility) Regime 2
 – Alternative causal ordering –



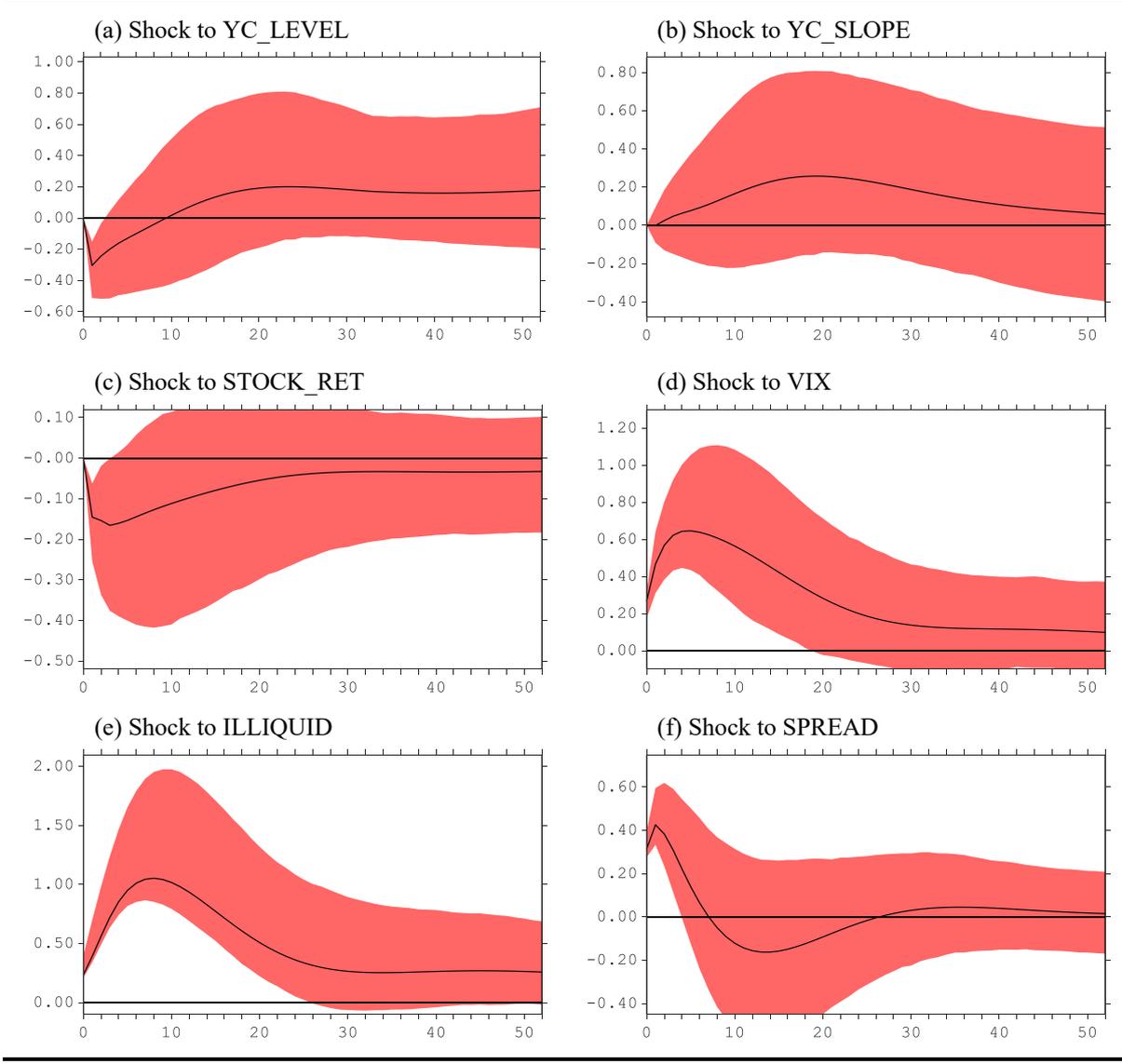
Notes: This graph plots orthogonalized impulse response functions (IRF) of the corporate bond index spread SPREAD (in percentage points) to a one standard deviation shock to the respective variable of the regime-specific VAR system during Regime 2, based on the estimation of the two-state MS-VAR(2) model as specified in equation (1) using the variables introduced in section **Error! Reference source not found.**. The structural innovations are identified using a triangular Cholesky factorization of the residuals' regime-specific covariance matrix, for which the causal ordering ILLIQUID → YC_LEVEL → YC_SLOPE → VIX → STOCK_RET → SPREAD is imposed. The shaded areas indicate the respective 99% bootstrap confidence interval calculated following Hall (1992).

Figure A13a
 Impulse of corporate bond spread to shocks during (low-volatility) Regime 1
 – Alternative causal ordering –



Notes: This graph plots orthogonalized impulse response functions (IRF) of the corporate bond index spread SPREAD (in percentage points) to a one standard deviation shock to the respective variable of the regime-specific VAR system during Regime 1, based on the estimation of the two-state MS-VAR(2) model as specified in equation (1) using the variables introduced in section **Error! Reference source not found.**. The structural innovations are identified using a triangular Cholesky factorization of the residuals' regime-specific covariance matrix, for which the causal ordering ILLIQUID → VIX → SPREAD → STOCK_RET → YC_LEVEL → YC_SLOPE is imposed. The shaded areas indicate the respective 99% bootstrap confidence interval calculated following Hall (1992).

Figure A13b
 Impulse of corporate bond spread to shocks during (high-volatility) Regime 2
 – Alternative causal ordering –



Notes: This graph plots orthogonalized impulse response functions (IRF) of the corporate bond index spread SPREAD (in percentage points) to a one standard deviation shock to the respective variable of the regime-specific VAR system during Regime 2, based on the estimation of the two-state MS-VAR(2) model as specified in equation (1) using the variables introduced in section **Error! Reference source not found.**. The structural innovations are identified using a triangular Cholesky factorization of the residuals' regime-specific covariance matrix, for which the causal ordering ILLIQUID → VIX → SPREAD → STOCK_RET → YC_LEVEL → YC_SLOPE is imposed. The shaded areas indicate the respective 99% bootstrap confidence interval calculated following Hall (1992).