

The Global Financial Cycle and country risk in emerging markets during stress episodes: A Copula-CoVaR approach - Portal de Investigaciones Económicas

The Global Financial Cycle and country risk in emerging markets during stress episodes: A Copula-CoVaR approach

Research in international business and finance

DOI:

<https://doi.org/10.1016/j.ribaf.2024.102601>

Publicado:

Jueves, 9 Enero 2025

Authors:

[Luis Fernando Melo-Velandia,](#)

[José Vicente Romero-Chamorro^a,](#)

Mahicol Stiben Ramírez-González^e

Ver más

^aBanco de la República, Colombia

^eExterno

Clasificación JEL:

C58, G15, G17

[Descargar documento](#)

Lo más reciente

[Evaluación de los efectos de las recientes normas de provisiones sobre la asignación del crédito de consumo en Colombia](#)

Diego Fernando Cuesta-Mora, Fredy Alejandro Gamboa-Estrada, Camilo Eduardo Sánchez-Quinto

[Educación e inclusión financieras en América Latina y el Caribe: programas de los bancos centrales y las superintendencias financieras](#)

María José Roa-García, Gloria Amparo Alonso Masmela, Nidia García Bohórquez, Diego A. Rodríguez-Pinilla

[Deuda Pública, Expectativas sobre el Déficit Fiscal y su Transmisión al Componente Cíclico de las Tasas de Interés de Largo Plazo](#)

José Vicente Romero-Chamorro, Hernando Vargas-Herrera

[Otras Publicaciones](#)

This paper investigates the tail-dependence structure of emerging market sovereign credit default swaps (CDS) and the Global Financial Cycle (GFC) across eleven emerging markets. Using Copula-CoVaR estimations, we find significant tail-dependence between the GFC, represented by the VIX Volatility Index, and emerging market CDS. These results are essential in the context of distressed global financial markets. Furthermore, our results help evaluate CDS dynamics and provide a more suitable metric to analyze sovereign risk beyond the traditional CoVaR. Moreover, we present additional evidence supporting the importance of the global financial cycle in sovereign risk dynamics in different episodes from 2004 to—
The Global Financial Cycle and country risk in emerging markets during stress episodes: A Copula-CoVaR approach

