

Online Appendix

Sources and Transmission of Country Risk

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A. DETAILED DATA AVAILABILITY STATEMENT

This section provides a detailed data availability statement for each data source used in this research. The same statement can also be found in the `readme.md` file of our replication package hosted on Zenodo (<https://doi.org/10.5281/zenodo.7783429>).

- **BvD Orbis:** The paper uses data from [Bureau van Dijk \(2021\)](#). The data were downloaded from the NBER in early 2021. This is a commercial data set that can also be subscribed through Bureau van Dijk directly.
- **Chicago Fed National Activity Index (CFNAI):** The paper uses the Chicago Fed National Activity Index ([Federal Reserve Bank of Chicago, 2020](#)). The data can be downloaded from the website specified in the reference. We last downloaded the data on December 22, 2020.
- **Compustat Global and North America:** The paper uses data from S&P Global Intelligence’s Compustat Global and North America ([S&P Global Intelligence, 2023a,b](#)). This is a commercial data set; we obtained the data with our Wharton Research Data Services (WRDS) account.

As part of our replication package, we provide a Python script (located in `./raw/compustat/download_compustat.py`) for interested researchers, who also have a WRDS license. The script will download the data necessary for this paper. We last downloaded the so-called “names” files in June 2020; the remaining files were last downloaded in February 2023.

- **Country.io:** The paper uses data provided by [country.io](#) to consistently move between country’s ISO-2 abbreviation, ISO-3 abbreviation, and names. The data is freely available. We last downloaded the data in July 2019.
- **Economist Intelligence Unit:** The paper uses the Country Commerce Reports from the [Economist Intelligence Unit \(2020\)](#). This is a commercial data set that can be purchased directly from the Economist Intelligence Unit. Some university libraries also have access to these reports. We last accessed the data in January 2020.
- **Economic Policy Uncertainty Index:** The paper uses the quarterly country-level newspaper-based Economic Policy Uncertainty Index developed by [Baker et al. \(2016\)](#). The data is freely available from https://www.policyuncertainty.com/all_country_data.html. We last downloaded the data in March 2021.
- **Firm Risk:** The paper uses data from [Hassan et al. \(2019\)](#). The firm level data can be downloaded from <https://www.firmlevelrisk.com>. We last downloaded the data in February 2023.
- **IHS Markit:** The paper uses data from [IHS Markit \(2019\)](#). The quarterly country CDS data is proprietary, but can be subscribed to through Wharton Research Data Services (WRDS); the name on WRDS of the data set we use is `markit_cds`. We last downloaded the data in July 2019.

- **IMF Balance of Payments Statistics:** The paper uses data from the IMF’s Balance of Payment Statistics ([International Monetary Fund, 2021a](#)). The data is freely available. We last downloaded the Balance of Payment statistics in February 2021.
- **IMF International Financial Statistics:** The paper uses the quarterly GDP data from the IMF’s International Financial Statistics ([International Monetary Fund, 2021b](#)). The data is freely available. We last downloaded the quarterly GDP data in January 2021.
- **MSCI Indices:** The paper uses the quarterly country level equity indices from [MSCI \(2020\)](#). This is a commercial data set that can be purchased through, for example, Refinitiv. We downloaded the data with the Python API of Refinitiv’s Eikon.

As part of our replication package, we provide a Python script located in `./raw/msci_returns/download_msci_data.py` for interested researches who also have a Refinitiv Eikon (or Refinitiv Workspace) subscription.

Our last update was on 12-22-2020. We download the following three indices:

1. “MSCI XXX Gross Index Local”
2. “MSCI XXX Net Index Local”
3. “MSCI XXX Price Index Local”

For more details, please see the `readme.md` file in our replication package.

- **Refinitiv:** We use the transcribed earnings calls from [Refinitiv \(2021\)](#). This is a commercial data set that can be subscribed through various products of Refinitiv, including Eikon, Workspace, or a dedicated API. We last updated our earnings call data in January 2021.
- **Sudden Stops:** The paper uses data from [Forbes and Warnock \(2021\)](#). The data and explanatory pdf file can be downloaded from Kirstin Forbes’ website <https://mitgmtfaculty.mit.edu/kjforbes/research/>). We last downloaded the data in February 2021.
- **World Bank Open Data:** The paper uses annual country-level GDP data from the World Bank through their World Bank Open Data portal ([World Bank, 2019](#)). We last downloaded the data in July 2022.
We use the series `NY.GDP.MKTP.KD`, which is GDP (constant 2015 US\$).
- **World Uncertainty Index:** The paper uses the quarterly country-level newspaper-based World Uncertainty Index developed by [Ahir et al. \(2018\)](#). The data is freely available from <https://worlduncertaintyindex.com>. We last downloaded the data in March 2021.
- **WorldScope Geographic Segments:** The paper uses Refinitiv’s WorldScope Geographic Segments ([Refinitiv, 2019](#)). The data is proprietary but can be subscribed to

through Wharton Research Data Services (WRDS). We last downloaded the data in early 2019.

We gratefully acknowledge Thomas Rauter, whose data preparation work for ([Rauter, 2020](#)) we were able to use.

B. ONLINE APPENDIX TABLES AND FIGURES

Appendix Table 1: Top 100 risk synonyms

Synonym	Frequency	Synonym	Frequency
risk	3,839,353	skepticism	8,674
risks	1,033,976	unresolved	8,461
uncertainty	921,751	jeopardy	6,761
variable	816,649	risking	6,414
uncertainties	549,476	suspicion	6,359
possibility	484,545	hesitating	4,354
pending	426,103	halting	4,334
uncertain	382,217	peril	4,259
chance	360,536	risked	4,126
doubt	285,218	unreliable	3,971
prospect	211,168	insecurity	3,105
exposed	176,667	undetermined	3,092
variability	175,526	apprehension	2,881
likelihood	159,348	undecided	2,715
threat	133,385	wager	2,678
probability	132,931	precarious	2,577
bet	110,781	torn	2,563
varying	85,282	unsafe	2,470
unknown	83,956	unforeseeable	2,305
unclear	75,460	debatable	2,178
doubtful	74,169	wavering	1,798
unpredictable	67,065	riskiest	1,788
speculative	58,116	dicey	1,764
fear	51,378	endanger	1,547
hesitant	47,043	faltering	1,530
reservation	47,003	changeable	1,527
risky	44,332	indecision	1,505
sticky	39,321	hazy	1,476
instability	36,955	iffy	1,269
tricky	33,849	ambivalent	1,255
dangerous	26,551	riskiness	1,248
tentative	26,126	insecure	1,189
fluctuating	26,070	oscillating	1,075
gamble	22,149	quandary	1,022
hazardous	21,836	dubious	957
hazard	21,580	hairly	884
queries	20,899	treacherous	753
danger	18,695	unreliability	626
unstable	18,396	perilous	565
erratic	14,325	tentativeness	479
vague	14,030	chancy	461
unpredictability	13,853	wariness	439
query	13,559	vagueness	375
unsettled	12,563	dodgy	318
jeopardize	12,528	indecisive	262
riskier	11,650	menace	239
irregular	10,161	equivocation	224
dilemma	9,660	vacillating	198
hesitancy	9,342	imperil	191
unsure	8,715	vacillation	159

Notes: This table lists the top 100 (out of 125) synonyms of risk, risky, uncertain, and uncertainty sorted by their frequency in the earnings call transcripts in 2002-2020. The synonyms are taken from the Oxford Dictionary.

Appendix Table 2: Top 100 positive and negative sentiment words

Positive	Frequency	Positive	Frequency	Negative	Frequency	Negative	Frequency
strong	17,221,419	enable	886,239	loss	6,235,657	discontinued	487,232
good	16,375,745	encouraged	884,693	decline	6,154,079	unfavorable	479,038
better	7,991,201	achieving	796,439	negative	3,647,119	unfortunately	453,610
positive	7,751,315	strengthen	784,057	restructuring	2,684,909	volatile	453,414
opportunities	7,192,361	tremendous	779,182	against	2,659,956	nonperforming	437,280
able	6,702,060	exciting	744,928	difficult	2,659,392	adverse	429,524
improvement	6,673,141	strengthening	715,638	losses	2,556,652	closure	411,024
great	6,563,803	enhanced	708,264	declined	2,545,940	recession	395,192
improved	5,348,573	innovative	699,642	closed	1,726,966	disclose	378,916
progress	5,029,603	encouraging	688,923	late	1,709,514	slowing	378,514
opportunity	4,914,614	gaining	575,582	challenging	1,584,998	missed	370,918
benefit	4,543,771	easy	570,340	challenges	1,574,903	slowed	368,101
improve	4,378,622	stability	541,004	closing	1,507,678	lag	357,819
pleased	3,884,671	exceptional	528,189	force	1,318,218	termination	352,703
profitability	3,607,335	strongest	511,179	critical	1,170,235	bridge	351,936
best	3,544,899	collaboration	504,330	volatility	1,158,349	disruption	343,899
despite	2,824,225	positively	480,821	declines	1,061,590	worse	340,022
improving	2,764,809	impressive	455,572	weak	1,052,269	lose	333,493
effective	2,744,475	easier	453,072	impairment	1,034,395	severe	332,344
strength	2,675,074	enabled	440,147	slow	1,010,332	stress	325,392
success	2,638,992	excellence	431,839	recall	947,283	downward	322,255
gain	2,598,697	progressing	430,567	concerned	946,866	deterioration	317,373
gains	2,569,678	strengthened	422,980	bad	907,228	chargeoffs	298,441
greater	2,481,712	benefiting	412,070	claims	900,164	doubt	285,218
stable	2,436,356	superior	409,739	break	873,699	unemployment	283,048
improvements	2,424,249	gained	409,422	lost	821,492	shut	282,167
successful	2,410,367	winning	394,088	weakness	806,320	drag	281,006
achieved	2,372,811	exclusive	388,657	negatively	803,988	losing	280,300
achieve	2,357,358	enhancing	376,798	problem	786,382	wrong	274,826
confident	2,328,839	advantages	373,082	challenge	773,386	closures	265,476
efficiency	2,208,954	perfect	357,260	weaker	764,882	opportunistic	254,129
favorable	2,026,078	efficiently	351,828	slowdown	738,435	difficulties	249,851
stronger	2,016,286	stabilized	351,444	difficulty	738,121	slowly	248,400
leading	1,984,440	enables	350,678	slower	735,585	impairments	247,091
advantage	1,842,244	satisfaction	350,091	cut	734,201	challenged	238,877
profitable	1,702,117	valuable	349,853	declining	730,136	poor	235,879
attractive	1,556,455	enabling	336,446	litigation	685,502	absence	235,696
innovation	1,391,174	alliance	316,024	crisis	680,481	serious	230,349
leadership	1,387,836	stabilize	313,098	problems	616,975	shutdown	225,476
excited	1,374,945	rebound	307,477	delay	570,659	complicated	224,854
excellent	1,299,652	easily	287,979	downturn	563,302	bankruptcy	220,373
happy	1,258,276	favorably	280,433	opposed	563,195	divestiture	215,695
optimistic	1,215,776	enjoy	278,973	delays	562,781	attrition	215,068
highest	1,128,349	boost	268,376	dropped	549,988	shortfall	214,061
efficiencies	1,087,947	satisfied	266,476	disclosed	535,594	weakening	213,005
efficient	1,086,825	enhancements	264,166	concern	522,931	disappointing	211,210
enhance	1,078,709	achievement	261,148	lack	515,471	erosion	210,240
successfully	1,048,883	improves	259,611	breakdown	510,491	caution	208,764
benefited	928,965	accomplished	258,083	delayed	508,852	broken	206,668
win	904,122	strengths	252,403	concerns	489,061	writeoff	203,273

Notes: This table lists the top 100 positive (columns 1-4) and top 100 negative (columns 5-8) tone words sorted by their frequency in earnings call transcripts in 2002-2020. The tone words are from [Loughran and McDonald \(2011\)](#).

Appendix Table 3: Top five destinations of transmission risk for the 20 largest economies

Risks originating in	transmit most to	Risks originating in (cont.)	transmit most to
United States	Israel Mexico Canada Ireland Switzerland	South Korea	Japan China Hong Kong Chile Israel
China	Hong Kong Singapore Taiwan South Korea Japan	Australia	New Zealand Singapore Hong Kong South Africa United Kingdom
Japan	South Korea Hong Kong Israel Singapore Switzerland	Russia	Turkey Italy Netherlands Sweden Germany
Germany	Switzerland France Netherlands Italy Sweden	Spain	France Italy Netherlands Sweden Norway
United Kingdom	Ireland Australia France Sweden Spain	Mexico	Spain Chile Brazil Canada Italy
India	Singapore Hong Kong Japan France Russia	Indonesia	Singapore Hong Kong Japan Australia South Korea
France	Netherlands Italy Spain Belgium Switzerland	Turkey	Greece Italy Russia Netherlands Spain
Italy	France Spain Switzerland Netherlands Poland	Netherlands	Belgium France Poland Italy Sweden
Brazil	Chile Spain Mexico France Norway	Switzerland	Poland Italy Japan Germany France
Canada	Chile United States Norway Belgium Israel	Saudi Arabia	Turkey South Korea Spain Japan Italy

Notes: This table reproduces the right two columns of Table 6 but for the twenty largest economies in our sample. The twenty largest economies are based on GDP data from the World Bank and measured in 2019 real GDP.

Appendix Table 4: *TransmissionRisk* follows a gravity structure

	All		Non-crisis	Crisis	
	$\overline{TransmissionRisk}_{o \rightarrow d}$				
	(1)	(2)	(3)	(4)	(5)
Log of distance (km) $_{o,d}$	-0.394***	-0.289***	-0.380***	-0.904***	
	(0.039)	(0.045)	(0.038)	(0.152)	
$\mathbb{1}(\text{Contiguity}_{o,d})$	0.641***	0.594***	0.658***	1.369	
	(0.231)	(0.224)	(0.226)	(0.847)	
$\mathbb{1}(\text{Common language}_{o,d})$	0.534***	0.429***	0.512***	1.857***	
	(0.121)	(0.091)	(0.117)	(0.673)	
$\mathbb{1}(\text{Ever in colonial relationship}_{o,d})$	0.179	0.189	0.170	0.156	
	(0.140)	(0.148)	(0.131)	(0.558)	
Log of trade flows in 2019 $_{o,d}$		0.138***			
		(0.022)			
R^2	0.173	0.359	0.409	0.344	0.321
N	2,167	2,118	1,805	2,118	887
Origin FE	yes	yes	yes	yes	yes
Destination FE	yes	yes	yes	yes	yes

Notes: This table shows coefficient estimates and standard errors from regressions at the country-country level. $\overline{TransmissionRisk}_{o \rightarrow d}$ is defined as in equation 8 in Section 3. $\overline{TransmissionRisk}_{o \rightarrow d, \text{non-crisis}}$ and $\overline{TransmissionRisk}_{o \rightarrow d, \text{crisis}}$ of columns 4 and 5, respectively, are similarly defined but the origin-destination country pair is based on observations for which the destination country *is not* in crisis and *is* in crisis, respectively. All gravity variables are obtained from the Gravity database by [Head and Mayer \(2014\)](#). $\mathbb{1}(\text{Contiguity}_{o,d})$ is a dummy equal to one if o and d are contiguous countries, $\mathbb{1}(\text{Common language}_{o,d})$ is a dummy equal to one if o and d share a common official or primary language, $\mathbb{1}(\text{Ever in colonial relationship}_{o,d})$ is a dummy equal to one if o and d were ever in a colonial or dependency relationship, and $\mathbb{1}(\text{Log of trade flows in 2019}_{o,d})$ are the log trade flows (in thousands of current USD) reported by o in 2019 as reported by Comtrade data. Standard errors are robust. ***, **, and * denote statistical significance at the 1, 5, and 10% level, respectively.

Appendix Table 5: Top five origins of transmission risk for ten selected US sectors

Firms in US sector	discuss risks from	S&P 500 firm in sector associating most risk with country
Basic Materials	China	DuPont de Nemours Inc (Chemicals)
	Brazil	Mosaic Co (Chemicals)
	Canada	Dow Inc (Chemicals)
	Mexico	PPG Industries Inc (Chemicals)
	Turkey	Sealed Air Corp (Applied Resources)
Consumer Cyclical	China	Yum! Brands Inc (Cyclical Consumer Services)
	Canada	TJX Companies Inc (Retailers)
	Mexico	Autozone Inc (Retailers)
	Brazil	Whirlpool Corp (Cyclical Consumer Products)
	United Kingdom	News Corp (Cyclical Consumer Services)
Consumer Non-Cyclical	Canada	Molson Coors Brewing Co (Food & Beverages)
	China	Estee Lauder Companies Inc (Personal & Household Products & Services)
	Mexico	Walmart Inc (Food & Drug Retailing)
	Brazil	Corteva Inc (Food & Beverages)
	Russia	Philip Morris International Inc (Food & Beverages)
Energy	Canada	Devon Energy Corp
	Mexico	Concho Resources Inc
	Nigeria	Exxon Mobil Corp
	Saudi Arabia	Schlumberger NV
	Brazil	National Oilwell Varco Inc
Financials and Real Estate	Canada	Kimco Realty Corp (Real Estate)
	United Kingdom	Unum Group (Insurance)
	Greece	State Street Corp (Banking & Investment Services)
	New Zealand	Arthur J Gallagher & Co (Insurance)
	Japan	Aflac Inc (Insurance)
Healthcare	Japan	Alexion Pharmaceuticals Inc (Pharmaceuticals & Medical Research)
	China	Agilent Technologies Inc (Healthcare Services & Equipment)
	Canada	Zoetis Inc (Pharmaceuticals & Medical Research)
	United Kingdom	Cerner Corp (Healthcare Services & Equipment)
	Ireland	West Pharmaceutical Services Inc (Healthcare Services & Equipment)
Industrials	China	Otis Worldwide Corp (Industrial Goods)
	Canada	W W Grainger Inc (Industrial Goods)
	Mexico	Kansas City Southern (Transportation)
	Brazil	Fleetcor Technologies Inc (Industrial & Commercial Services)
	Australia	Jacobs Engineering Group Inc (Industrial & Commercial Services)
Technology	China	Qorvo Inc (Technology Equipment)
	Japan	IPG Photonics Corp (Technology Equipment)
	Canada	CDW Corp (Software & IT Services)
	United Kingdom	CDW Corp (Software & IT Services)
	Brazil	Fidelity National Information Services Inc (Financial Technology (Fintech) & Infrastructure)
Utilities	Canada	NiSource Inc
	Mexico	Sempra Energy
	United Kingdom	PPL Corp
	New Zealand	Alliant Energy Corp
	Belgium	WEC Energy Group Inc

Notes: This table lists for nine US sectors (column 1) the country they associate most risk with in their discussions (column 2), and the S&P firm in that sector associating most risk with the country (column 3). The ranking in column 2 is based on averaging components in US firms' $CountryRisk_{i,c,t}$ for sector-country pairs, and sorting the resulting countries for a given sector. For example, for sector-country pair (s, c) , we take the average over all US firms in sector s of the relevant components about country c . The firm associating the highest risk to c in column 3 is obtained similarly. The sector classification is from Refinitiv Eikon.

Appendix Table 6: Heterogeneity in crisis transmission

	α_{Fin}/α	Global Impact	Bilateral Transmission	R^2
	(1)	(2)	(3)	(4)
Developed Markets	1.359*** (0.450)	-0.071 (0.219)	-0.802** (0.316)	0.027 (0.076)
Natural Disaster	-0.502 (0.564)	0.828 (0.514)	0.807 (0.502)	-0.095 (0.136)
Sovereign Debt	3.929*** (1.221)	-0.297 (0.193)	0.764* (0.376)	0.054 (0.067)
Political Instability	0.104 (0.286)	-0.360** (0.149)	0.031 (0.443)	0.055 (0.101)
R^2	0.599	0.403	0.184	0.070
N	33	33	33	33

Notes: This table explores whether the key patterns of crisis transmission differ for different types of crises. We consider Developed Market Crises, Natural Disasters, Sovereign Debt Crises, and Political Instability, with a set included in each category discussed in Section 3. Standard errors are robust. ***, **, and * denote statistical significance at the 1, 5, and 10% level, respectively. Developed market crises include those in Spain, the United Kingdom, Greece, Hong Kong, Ireland, Italy, Japan and the United States. The crises classified as natural disasters are the Thai Floods, Fukushima, the Deepwater horizon oil spill, and the start of the Coronavirus pandemic. Sovereign debt crises include all three Greek crises, Ireland, Spain and Italy during the European Sovereign Debt crisis, and the Turkish crisis from 2018q4 to 2019q1. Although it concerned government debt, we did not include the S&P downgrade of the United States because the loss of AAA status seemed qualitatively different than crises concerning outright default risk. Finally, we classify crises of “Political Instability” as the coup attempt against President Erdogan in Turkey, the Brazilian corruption scandal of 2015-6, the Thai military coup of 2014, the Egyptian Revolution in 2011, the Iranian Green Revolution, and the Hong Kong Protests of 2019.

Appendix Table 7: Country Risk and capital flows (excluding FDI)

PANEL A	<i>Total inflows (excluding FDI)_{c,t} (%)</i>				
	(1)	(2)	(3)	(4)	(5)
<i>CountryRisk_{c,t}^{ALL} (std.)</i>		-0.851*** (0.240)	-0.785*** (0.223)	-0.720*** (0.169)	-0.549** (0.227)
<i>GlobalRisk_t (std.)</i>	-0.569*** (0.105)	-0.296** (0.134)	-0.310** (0.134)		
<i>Real GDP growth_{c,t}</i>			-0.002 (0.010)	0.028** (0.011)	
<i>CountrySentiment_{c,t}^{ALL} (std.)</i>					0.687** (0.339)
<i>R²</i>	0.094	0.104	0.100	0.225	0.216
<i>N</i>	2,936	2,936	2,796	2,796	2,936
PANEL B	<i>Total inflows (excluding FDI)_{c,t} (%)</i>				
	(1)	(2)	(3)	(4)	
<i>1(CountryCrisis_{c,t})</i>		-2.027*** (0.613)	-1.902*** (0.551)	-1.265** (0.531)	
<i>1(GlobalCrisis_t)</i>	-2.722*** (0.416)	-2.770*** (0.419)	-2.734*** (0.380)		
<i>Real GDP growth_{c,t}</i>			-0.003 (0.010)	0.029** (0.011)	
<i>R²</i>	0.092	0.102	0.098	0.222	
<i>N</i>	2,936	2,936	2,796	2,796	
Country FE	yes	yes	yes	yes	yes
Time FE	no	no	no	yes	yes

Notes: This table shows coefficient estimates and standard errors from regressions at the country-quarter level. All other variables are defined as in Table 4. Standard errors are clustered at the country level. ***, **, and * denote statistical significance at the 1, 5, and 10% level, respectively.

Appendix Table 8: Variable sources and construction

Variable	Source	Construction
All text-based measures of country risk and sentiment, plus firm risk.	Refinitiv StreetEvents	Eikon Transcripts of corporate earnings calls (2002q1-2020q4) after removing non-letters.
$Subsidiaries_{i,c}$	ORBIS	The variable is based on the cross section of ORBIS' subsidiary information as of 2016. $Subsidiaries_{i,c}$ is a count of the total number of subsidiaries that firm i has in country c .
$Exports_{i,c}$	WRDS Worldscope Segment Data	$Exports_{i,c}$ is the share of firm i 's sales to country c in its total sales in 2017.
$MSCI\ equity\ return_{c,t}$, $Realized\ MSCI\ volatility_{c,t}$	Refinitiv Eikon, MSCI data (2002q1-2019q4)	We use the "MSCI XXX Net Index Local" where XXX is the ISO3 abbreviation of the country, "Net" indicates that net dividends per share are used in the calculation of the index, and "Local" indicates that no exchange rates conversions are used. <ul style="list-style-type: none"> • $MSCI\ equity\ return_{c,t}$ is the $t-1$ to t change in log of the quarter-average MSCI stock return index for country c and quarter t; and • $Realized\ MSCI\ volatility_{c,t}$ is the standard deviation of the daily MSCI stock return for country c during quarter t, multiplied by the number of days in the quarter.
$Total\ inflows_{c,t}$	IMF BoP (2002q1-2019q4)	$Total\ inflows_{c,t}$ are direct investment inflows (BFDL_BP6_USD), portfolio (BFPL_BP6_USD), and other (BFOL_BP6_USD) to country c during quarter t relative to the country's capital stock in the previous quarter.
$Sovereign\ CDS\ spread_{c,t}$	WRDS Markit CDS spreads (2002q1-2019q4)	$Sovereign\ CDS\ spread_{c,t}$ is the end-of-quarter 5-year sovereign CDS spread of country c in quarter t in percent.
$Real\ GDP\ growth_{c,t}$	IMF IFS (2002q1-2019q4)	$Real\ GDP\ growth_{c,t}$ is the quarter-to-quarter percent change in real GDP of country c and quarter t .
$\mathbb{1}(Stop\ episode\ for\ total\ flows_{c,t})$, $\mathbb{1}(Retrenchment\ episode\ for\ total\ flows_{c,t})$	Forbes and Warnock (2021) (2002q1-2019q4)	Both variables are based on Forbes and Warnock (2021) and taken from the authors' website: $\mathbb{1}(Stop\ episode\ for\ total\ flows_{c,t})$ is <code>stop_epiTO</code> and $\mathbb{1}(Retrenchment\ episode\ for\ total\ flows_{c,t})$ is <code>retrench_epiTO</code> from the underlying data set of episodes.
$WUI_{c,t}$	Ahir et al. (2018) (2002q1-2019q4)	The variable is the World Uncertainty Index as described in Ahir et al. (2018) and downloaded from the authors' website .

Appendix Table 9: Country Risk, sudden stops, and retrenchment

PANEL A	$\mathbb{1}(\text{Stop episode for total flows}_{c,t})$			
	(1)	(2)	(3)	(4)
$\mathbb{1}(\text{CountryCrisis}_{c,t})$		0.221*** (0.073)	0.226*** (0.074)	0.227*** (0.071)
$\mathbb{1}(\text{GlobalCrisis}_t)$	0.725*** (0.053)	0.731*** (0.053)	0.726*** (0.055)	
<i>Real GDP growth</i> _{c,t}			-0.000 (0.001)	0.000 (0.001)
R^2	0.202	0.211	0.211	0.338
N	2,734	2,734	2,627	2,627
PANEL B	$\mathbb{1}(\text{Retrenchment episode for total flows}_{c,t})$			
	(1)	(2)	(3)	(4)
$\mathbb{1}(\text{CountryCrisis}_{c,t})$		0.047 (0.060)	0.048 (0.060)	0.066 (0.049)
$\mathbb{1}(\text{GlobalCrisis}_t)$	0.563*** (0.072)	0.565*** (0.072)	0.555*** (0.073)	
<i>Real GDP growth</i> _{c,t}			-0.000 (0.001)	0.001 (0.001)
R^2	0.132	0.132	0.129	0.265
N	2,734	2,734	2,627	2,627
Country FE	yes	yes	yes	yes
Time FE	no	no	no	yes

Notes: This table shows coefficient estimates and standard errors from regressions at the country-quarter level. It replicates Table 9 with the following difference: $\text{CountryRisk}_{c,t}^{ALL}$ (*std.*) is replaced by $\mathbb{1}(\text{LocalCrisis})_{c,t}$ and GlobalRisk_t (*std.*) is replaced by $\mathbb{1}(\text{GlobalCrisis})_t$. The two outcomes from [Forbes and Warnock \(2021\)](#). Standard errors are clustered at the country level. ***, **, and * denote statistical significance at the 1, 5, and 10% level, respectively.

Appendix Table 10: Comparison with WUI and EPU

PANEL A	<i>Total inflows_{c,t} (%)</i>				
	(1)	(2)	(3)	(4)	(5)
<i>CountryRisk_{c,t} (std.)</i>	-0.551*** (0.145)		-0.522*** (0.146)		-0.446*** (0.145)
<i>WUI_{c,t} (std.)</i>		-0.111** (0.048)	-0.084* (0.045)		
<i>EPU national_{c,t} (std.)</i>				-0.170* (0.083)	-0.084 (0.084)
<i>R</i> ²	0.260	0.254	0.261	0.390	0.398
<i>N</i>	2,936	2,936	2,936	1,551	1,551
PANEL B	<i>ΔCDS spread_{c,t}</i>				
	(1)	(2)	(3)	(4)	(5)
<i>Δ log(CountryRisk_{c,t} (std.))</i>	2.418*** (0.789)		2.411*** (0.855)		2.484** (1.125)
<i>Δ log(WUI_{c,t} (std.))</i>		0.055* (0.033)	0.053* (0.032)		
<i>Δ log(EPU national_{c,t} (std.))</i>				0.135 (0.108)	0.113 (0.105)
<i>R</i> ²	0.165	0.149	0.168	0.162	0.187
<i>N</i>	2,626	1,866	1,866	1,378	1,378
Country FE	yes	yes	yes	yes	yes
Time FE	yes	yes	yes	yes	yes

Notes: This table shows coefficient estimates and standard errors from regressions at the country-quarter level. Standard errors are clustered at the country level. The World Uncertainty Index (*WUI_{c,t}*) is obtained from [Ahir et al. \(2018\)](#); the EPU national is from [Baker et al. \(2016\)](#).

Appendix Table 11: Correlation with alternative risk measures

Country	$CountryRisk_{c,t}$		$\Delta \log CountryRisk_{c,t}$	
	$EPU_{c,t}$	$WUI_{c,t}$	$\Delta \log EPU_{c,t}$	$\Delta \log WUI_{c,t}$
Argentina	n/a	0.06	n/a	-0.20
Australia	0.66	0.23	0.27	-0.15
Belgium	n/a	0.24	n/a	-0.06
Brazil	0.60	0.30	0.14	0.01
Canada	0.38	-0.07	0.26	0.02
Chile	0.41	0.21	0.19	-0.22
China	0.75	0.63	0.14	0.03
Colombia	0.72	-0.06	0.40	0.27
Czech Republic	n/a	0.09	n/a	0.03
Egypt	n/a	0.31	n/a	-0.06
France	0.55	0.04	0.23	0.03
Germany	0.65	0.25	0.17	0.01
Greece	0.41	0.11	0.22	-0.07
Hong Kong	n/a	0.30	n/a	0.05
Hungary	n/a	0.36	n/a	0.14
India	0.47	-0.10	0.30	-0.13
Indonesia	n/a	-0.20	n/a	-0.18
Iran	n/a	0.04	n/a	-0.16
Ireland	0.72	0.28	0.04	0.12
Israel	n/a	-0.06	n/a	-0.24
Italy	0.49	-0.05	0.26	0.00
Japan	0.47	0.35	0.14	-0.01
Malaysia	n/a	0.11	n/a	0.10
Mexico	0.03	0.09	0.31	-0.11
Netherlands	0.49	0.35	0.34	0.08
New Zealand	n/a	0.02	n/a	0.05
Nigeria	n/a	0.07	n/a	-0.00
Norway	n/a	0.37	n/a	0.15
Pakistan	n/a	-0.13	n/a	-0.25
Philippines	n/a	0.02	n/a	-0.09
Poland	n/a	0.21	n/a	0.09
Russia	0.38	-0.08	0.33	0.05
Saudi Arabia	n/a	0.15	n/a	-0.15
Singapore	0.47	-0.13	0.33	-0.16
South Africa	n/a	0.20	n/a	0.13
South Korea	0.41	-0.00	0.23	-0.11
Spain	0.68	0.08	0.38	0.19
Sweden	0.45	0.42	0.04	0.16
Switzerland	n/a	0.29	n/a	0.08
Taiwan	n/a	0.10	n/a	0.42
Thailand	n/a	-0.17	n/a	-0.10
Turkey	n/a	0.18	n/a	-0.03
United Kingdom	0.72	0.76	0.22	0.15
United States	0.31	0.02	0.39	-0.03
Venezuela	n/a	-0.25	n/a	-0.07
Average	0.51	0.13	0.24	-0.01

Notes: This table shows the Pearson correlation in the time series of $CountryRisk_{c,t}$ with $EPU_{c,t}$ and $WUI_{c,t}$ (columns 2-3, respectively) and of $\Delta \log CountryRisk_{c,t}$ with $\Delta EPU_{c,t}$ and $\Delta WUI_{c,t}$ (columns 4-5, respectively) for the 45 countries for which we have measures of country exposure, sentiment, and risk. $CountryRisk_{c,t}$ is defined as in 4 $EPU_{c,t}$ and $WUI_{c,t}$ are the Economic Policy Uncertainty and the World Uncertainty Index standardized by their own standard deviation in the panel, respectively, and downloaded from policyuncertainty.com. The former is developed by Baker et al. (2016); the latter by Ahir et al. (2018).

Appendix Table 12: Stratifying $CountryRisk_{c,t}$

PANEL A: TOTAL INFLOWS	UNWEIGHTED			WEIGHTED BY	
	$K=All$	$K=Large\ firms$	$K=Small\ firms$	Log of assets	Box-Cox transformed assets
	<i>Total inflows_{c,t} (%)</i>				
	(1)	(2)	(3)	(4)	(5)
$CountryRisk_{c,t}^K (std.)$	-0.551*** (0.145)	-0.405*** (0.124)	-0.428*** (0.142)		
$WeightedCountryRisk_{c,t}^{ALL} (std.)$				-0.534*** (0.139)	-0.514*** (0.133)
R^2	0.260	0.260	0.255	0.260	0.261
N	2,936	2,936	2,936	2,936	2,936
Country FE	yes	yes	yes	yes	yes
Time FE	yes	yes	yes	yes	yes

PANEL B: WITHIN-COUNTRY CORRELATIONS OF COUNTRY RISK	UNWEIGHTED			WEIGHTED BY	
	$K=All\ firms$	$K=Large\ firms$	$K=Small\ firms$	Log of assets	Box-Cox transformed assets
$K=All\ firms$	1.00				
$K=Large\ firms$	0.95	1.00			
$K=Small\ firms$	0.84	0.62	1.00		
Log of assets	0.99	0.95	0.82	1.00	
Box-Cox transformed assets	0.98	0.96	0.77	1.00	1.00

Notes: This table shows coefficient estimates and standard errors from regressions at the country-quarter level in Panel A, and within-country correlation coefficients of various versions of $CountryRisk_{c,t}^K$ in Panel B. In both panels, columns 1-3 use $CountryRisk_{c,t}^K$ for $K \in \{All, Large\ firms, Small\ firms\}$, respectively. For those measures, all firms over which the measure is calculated receive an equal weight. However, in columns 4 and 5 we use $WeightedCountryRisk_{c,t}^K$ for $K = All$, defined as

$$WeightedCountryRisk_{c,t}^K = \frac{1}{N_{K,t}} \frac{1}{\sum_{i \in K} \eta_{i,t}} \sum_{i \in K} \eta_{i,t} CountryRisk_{i,c,t}$$

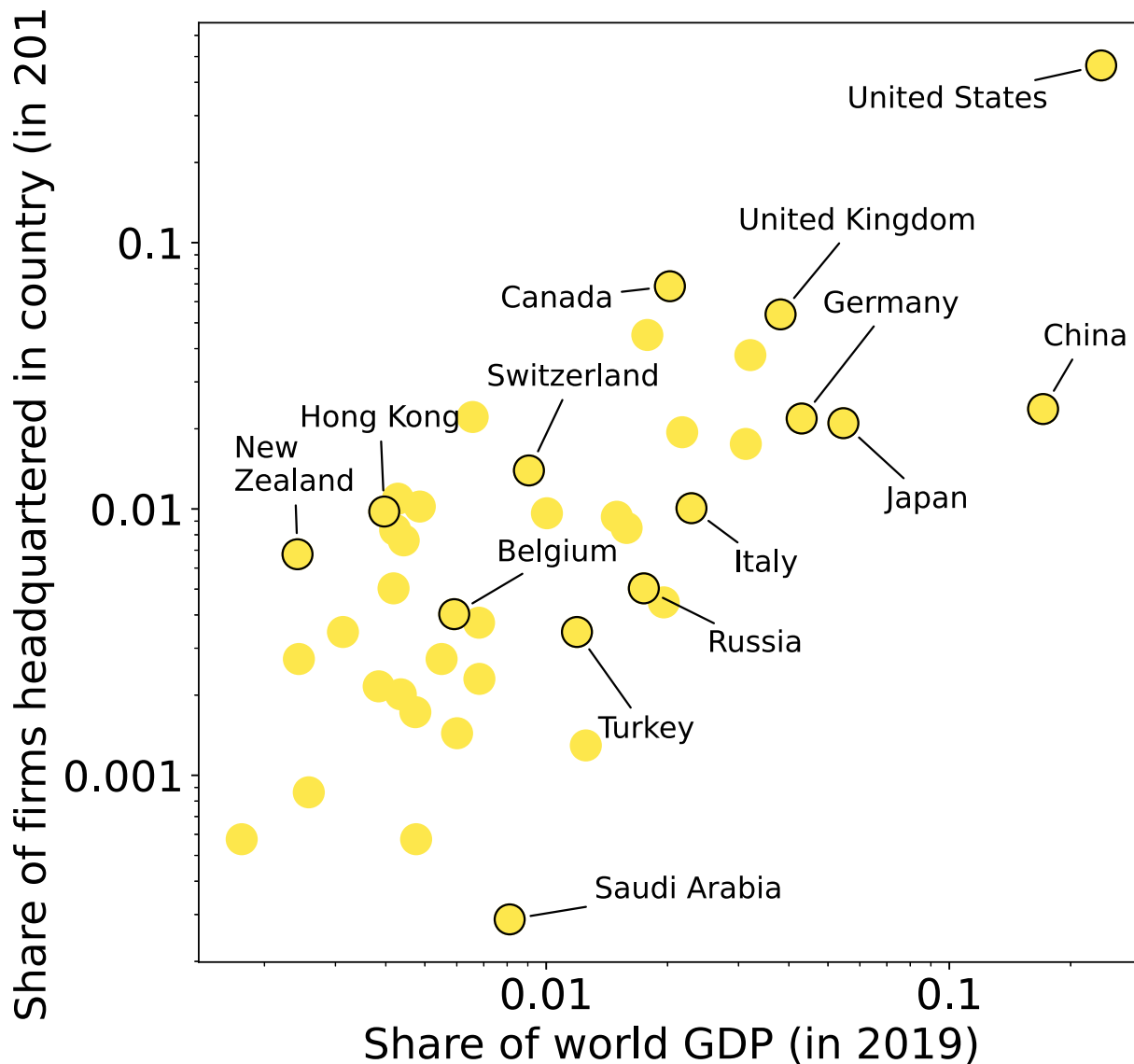
where $\eta_{i,t}$ is the firm's weight at time t . Weights $\eta_{i,t}$ are either the log of firm assets or the Box-Cox transformed assets. In Panel A, standard errors are clustered at the country level. ***, **, and * denote statistical significance at the 1, 5, and 10% level, respectively. In Panel B, within-country means all correlation coefficients are obtained after projecting each measure on a country fixed effect.

Appendix Table 13: Drivers of Capital Flows: Excluding US firms

PANEL A	<i>Total inflows_{c,t} (%)</i>				
	(1)	(2)	(3)	(4)	(5)
<i>CountryRisk_{c,t}^{non-US firms} (std.)</i>		-0.312** (0.146)	-0.285** (0.140)	-0.257** (0.108)	-0.111 (0.137)
<i>GlobalRisk_t^{non-US firms} (std.)</i>	-0.521*** (0.065)	-0.427*** (0.078)	-0.450*** (0.082)		
<i>Real GDP growth_{c,t}</i>			-0.007 (0.006)	0.028*** (0.009)	
<i>CountrySentiment_{c,t}^{non-US firms} (std.)</i>					0.639*** (0.120)
<i>R²</i>	0.144	0.149	0.157	0.292	0.291
<i>N</i>	2,714	2,714	2,574	2,574	2,714
PANEL B	$\mathbb{1}(\text{Stop episode for total flows}_{c,t})$				
	(1)	(2)	(3)	(4)	(5)
<i>CountryRisk_{c,t}^{non-US firms} (std.)</i>		0.061** (0.025)	0.061** (0.025)	0.066*** (0.024)	0.045** (0.020)
<i>GlobalRisk_t^{non-US firms} (std.)</i>	0.091*** (0.010)	0.073*** (0.012)	0.071*** (0.013)		
<i>Real GDP growth_{c,t}</i>			-0.000 (0.001)	0.000 (0.001)	
<i>CountrySentiment_{c,t}^{non-US firms} (std.)</i>					-0.067*** (0.019)
<i>R²</i>	0.089	0.096	0.094	0.353	0.363
<i>N</i>	2,533	2,533	2,432	2,432	2,533
Country FE	yes	yes	yes	yes	yes
Time FE	no	no	no	yes	yes

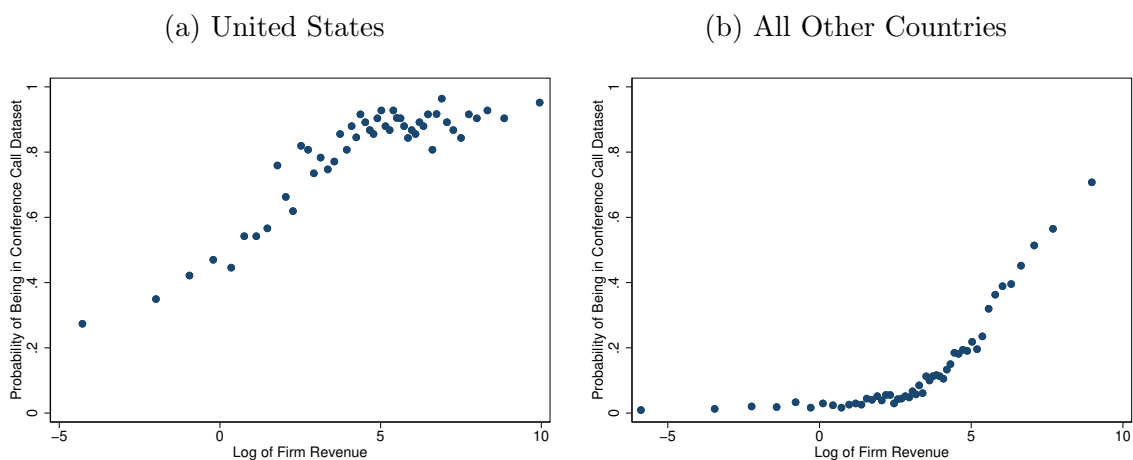
Notes: This table shows coefficient estimates and standard errors from regressions at the country-quarter level. Firms based in the US are excluded. All variables are defined as in Table 4. The sample period is 2003q3-2019q4. Standard errors are clustered at the country level. ***, **, and * denote statistical significance at the 1, 5, and 10% level, respectively.

Appendix Figure 1: Share of firms by country of headquarter versus share of country in world GDP



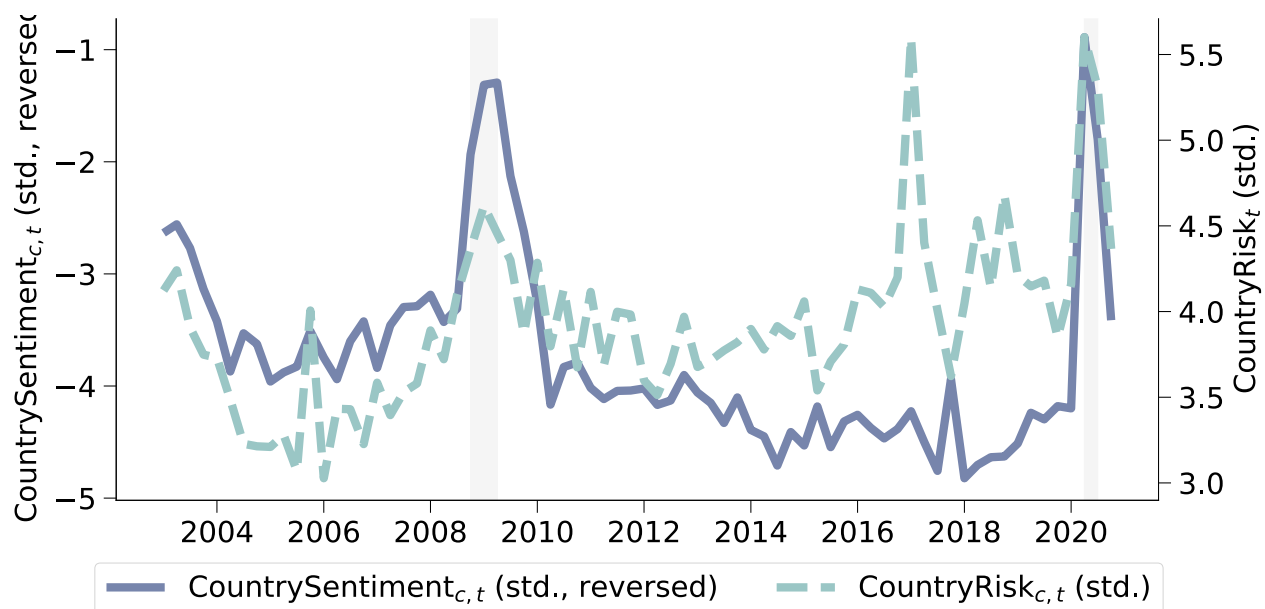
Notes: This figure plots for the 45 countries for which we have measures of text-based country exposure, sentiment, and risk, the share of firms headquartered in that country (y-axis) against the share of the country's GDP in world GDP. All data is from 2017. The share of a country's GDP is based on the World Bank's GDP (constant 2019 US dollar).

Appendix Figure 2: Firms' probability of being in Refinitiv Eikon conference call dataset



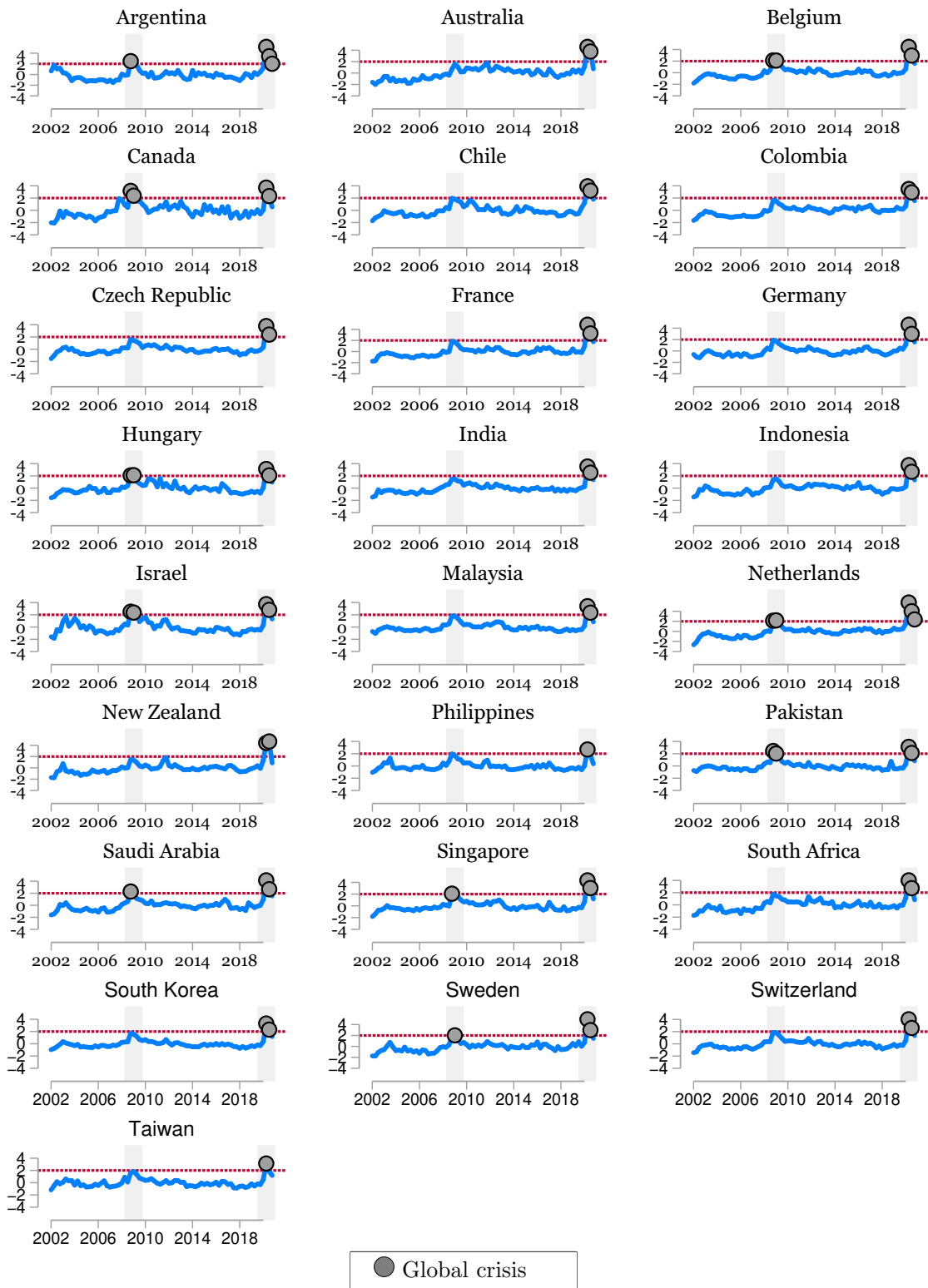
Notes: The left and right panel of this figure plot the (binned) relationship of the probability of a firm being in the Refinitiv Eikon conference call data set in 2018Q4 with its log revenue. The left figure is restricted to the cross section of US firms that also appear in Compustat NA; the right figure is restricted to the cross section of firms based in all countries but the US, restricted to firms that also appear in Compustat Global.

Appendix Figure 3: Time series of Mexican $CountryRisk_{c,t}$ and $CountrySentiment_{c,t}$



Notes: This figure shows the time series of $CountrySentiment_{c,t}$ (std.) and $CountryRisk_{c,t}$ (std.). The time series for $CountrySentiment_{c,t}$ is reversed (multiplied by -1) to facilitate a direct comparison with $CountryRisk_{c,t}$. The coefficients are standardized to have mean zero and standard deviation one for 2002q1-2019q4. NBER-based recession quarters are shaded in grey.

Appendix Figure 4: Countries with no local crises



Notes: This table shows the time series of $CountryRisk_{c,t}$ for all countries that do not have local crises as defined in Table 6.