A. Panel Poisson ML estimations

A.1 Piloting

Table 1 PPML panel estimation results of host country investment holdings (1976-2011)

Variable	X_i_W_j_1 (1)	X_i_W_j_2 (2)	X_i_W_j_3 (3)	X_i_W_j_4 (4)	X_i_W_j_5 (5)	X_i_W_j_6 (6)
log(S_i)	0.7385***	0.7598***	0.8150***	0.8257***	0.8072***	0.7951***
log(A)	-0.8032***	-0.8075***	-0.8442***	-0.8528***	-0.8316***	-0.8221***
rtg_stage		-0.0782				
rtg_1st_i			0.2907***	0.3148***	0.3047***	
invXrtg_1st			-0.2607**	-0.2646**	-0.2640**	
L1_rtg_1st_i				0.1045	0.0949	
L2_rtg_1st_i				0.0830	0.0780	
L3_rtg_1st_i				0.0686	0.0658	
L4_rtg_1st_i				0.0571	0.0560	
rating_i					0.0227	0.0283
invXrtg_i					-0.0009	-0.0039
N	4282	4282	1653	1653	1653	1653
ll	-8 0.2461	-8 0.2301	-64.5838	-64.5802	-64.5762	-64.5817
aic	232.4923	234.4602	205.1677	213.1603	217.1524	205.1634
bic	461.5306	469.8607	41 0.7608	44 0.3949	455.2077	41 0.7566
Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors, fixed effects not reported
*** p< 0.01, ** p< 0.05, * p< 0.1

Source: own computation; IMF CPIS, Lane and Milesi-Ferretti (2007), World Bank (2013), S&P, Moody's. Smaller number of observations in models (4) to (6) due to inclusion of restricted variables.

Table 2 PPML panel estimation results of host country investment net inflows (1976-2011)

Variable	X_i_W_j_1 (1)	X_i_W_j_2 (2)	X_i_W_j_3 (3)	X_i_W_j_4 (4)	X_i_W_j_5 (5)	X_i_W_j_6 (6)
ΔS_i	-0.0711	-0.0464	-0.0260	-0.0293	-0.0193	-0.0195
ΔA	0.2948***	0.2819***	0.2902***	0.2905***	0.2816***	0.2819***
rtg_stage		0.4295**				
rtg_1st_i			-0.3930	-0.3534	-0.5439	
invXrtg_1st			-0.9006	-0.9162	-0.6222	
L1_rtg_1st_i				0.1282	0.1373	
L2_rtg_1st_i				-0.3344	-0.2326	
L3_rtg_1st_i				0.3333	0.3774	
L4_rtg_1st_i				0.0413	0.1125	
rating_i					0.2011*	0.2058*
invXrtg_i					-0.0582	-0.0601
N	2834	2834	1373	1373	1373	1373
ll	-1.14e+05	-1.12e+05	-1.01e+05	-1.00e+05	-9.89e+04	-1.00e+05
aic	2.29e+05	2.25e+05	2.01e+05	2.01e+05	1.98e+05	2.00e+05
bic	2.29e+05	2.25e+05	2.01e+05	2.01e+05	1.98e+05	2.00e+05
Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

legend: * p<.1; ** p<.05; *** p<.01

Note: Lane & Milesi-Ferretti (2007), S&P, Moody's, insufficient values for 2011 dropped. Smaller number of observations in models (4) to (6) due to inclusion of restricted variables.

A.2 Home Bias cutting

Table 3 PPML panel estimation results of investor country *j* home bias (2001-2011)

Variable	HB_j (1)	HB_j (2)	HB_j (3)	HB_j (4)	HB_j (5)	HB_j (6)
log(Si/A)	-0.0003	0.0094	-0.0003	-0.0004	-0.0004	-0.0026
log(W_k/tau_ik*A)	0.0094	-0.0010	0.0020	-0.0113	-0.0112	-0.0156*
log(tau_ij)	-0.0001	-0.0001	-0.0001	-0.0000	-0.0000	-0.0002
log(1-A_j/A)	16.2094***	16.4865***	16.2832***	17.7816***	17.8794***	17.4493***
rtgdiff_ij		0.0973***				0.0529***
inv_iXrtgdiff		0.2348***				-0.0501
inv_jXrtgdiff		0.0153*				-0.0050
inv_ijXrtgdiff		0.0718**				0.0604*
invgrade_j			0.0904***			
rating_j				0.0318***	0.0346***	0.0252***
invXrtg_j					-0.0016	0.0020
invupgrade_j						-0.1139***
invdowngrd_j						0.0624***
N	7820	7820	7820	7820	7820	7820
ll	-2994.1091	-2993.6098	-2993.8796	-2992.9478	-2992.9381	-2992.7358
aic	6014.2182	6021.2195	6015.7593	6013.8955	6015.8761	6027.4716
bic	6104.756	6139.615	6113.2615	6111.3977	6120.3427	6173.7248
Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors, fixed effects not reported
*** p< 0.01, ** p< 0.05, * p< 0.1

Source: own computation; IMF CPIS, Lane and Milesi-Ferretti (2007), World Bank (2013), S&P, Moody's

Table 4 PPML panel estimation results of investor country *j* home bias (2001-2007)

Variable	HB_j (1)	HB_j (2)	HB_j (3)	HB_j (4)	HB_j (5)	HB_j (6)
log(Si/A)	0.0000	-0.0050	0.0000	-0.0000	-0.0000	-0.0015
log(W_k/tau_ik*A)	-0.0077	-0.0071	-0.0079	-0.0116	-0.0118	-0.0135
log(tau_ij)	-0.0000	-0.0001	-0.0000	0.0000	0.0000	0.0000
log(1-A_j/A)	23.8002***	23.5697***	23.3746***	20.6034***	20.4939***	20.5600***
rtgdiff_ij		-0.0016				0.0196
inv_iXrtgdiff		-0.0892*				0.0254
inv_jXrtgdiff		-0.0101				-0.0062
inv_ijXrtgdif		0.0322***				0.0357***
invgrade_j			-0.0805***			
rating_j				-0.0293***	-0.0278***	-0.0338***
invXrtg_j					-0.0019**	-0.0002
invupgrade_j						-0.1205***
invdowngrd_j						0.0783***
N	5130	5130	5130	5130	5130	5130
ll	-1795.2221	-1795.1851	-1795.18	-1795.0505	-1795.0459	-1794.9533
aic	3608.4443	3616.3702	3610.36	3610.1009	3612.0919	3623.9066
bic	3667.33	3701.4274	3675.7886	3675.5296	3684.0633	3735.1353
Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors, fixed effects not reported
*** p< 0.01, ** p< 0.05, * p< 0.1

Table 5 PPML panel estimation results of investor country *j* home bias (2008-2011)

Variable	HB_j (1)	HB_j (2)	HB_j (3)	HB_j (4)	HB_j (5)	HB_j (6)
log(Si/A)	-0.0000	0.0258	-0.0000	-0.0001	-0.0001	-0.0055
log(W_k/tau_ik*A)	0.1046***	0.0359*	0.0708***	-0.0438***	-0.0497***	-0.0469***
log(tau_ij)	0.0000	-0.0002	0.0000	0.0001	0.0002	0.0003
log(1-A_j/A)	-6.6462***	-7.7660***	-8.5021***	-9.7128***	-8.9730***	-8.4647***
rtgdiff_ij		0.2519***				0.0432**
inv_iXrtgdiff		0.9511***				0.2056***
inv_jXrtgdiff		0.0480*				-0.0043
inv_ijXrtgdif		0.7587***				0.0089
invgrade_j			0.2092***			
rating_j				0.0832***	0.1022***	0.1083***
invXrtg_j					-0.0092***	-0.0129***
invupgrade_j						0.1385***
invdowngrd_j						-0.0229
N	2515	2515	2515	2515	2515	2515
ll	-570.9904	-569.9297	-570.5506	-568.8455	-568.7369	-568.6930
aic	1155.9808	1161.8595	1157.1012	1153.6909	1155.4738	1167.3860
bic	1196.7910	1225.9898	1203.7414	1200.3312	1207.9441	1254.8364
Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors, fixed effects not reported
*** p< 0.01, ** p< 0.05, * p< 0.1

A.3 Size-making

Table 6 PPML panel estimation results of size-making (2001-2011)

Variable	X_ij_W_j (1)	X_ij_W_j (2)	X_ij_W_j (3)	X_ij_W_j (4)	X_ij_W_j (5)	X_ij_W_j (6)
log(Si/A)	0.5069*	0.4989**	0.4860*	0.5031*	0.4908*	0.4856**
log(W_k/tau_ik*A)	-0.6003***	-0.6173***	-0.6098***	-0.6049***	-0.6100***	-0.6210***
log(tau_ij)	-0.9711***	-0.9862***	-0.9701***	-0.9632***	-0.9638***	-0.9693***
rtgdiff_ij		-0.0037				-0.1138***
inv_iXrtgdiff		0.0376				0.0086
inv_jXrtgdiff		-0.0568*				0.0289
inv_ijXrtgdiff		0.1347*				0.2211*
invgrade_i			0.5078***			
invgrade_j			0.0874*			
rating_i				0.0418	-0.0008	0.0091
rating_j				0.0279**	0.0197	-0.0068
invXrtg_i					0.0315*	0.0387***
invXrtg_j					0.0047	0.0253**
invupgrade_i						0.0699
invupgrade_j						0.0372
invdown-grade_i						-0.2272*
invdown-grade_j						0.1005*
N	7885	7885	7885	7885	7885	7885
ll	-205.1047	-205.0610	-205.0773	-205.0662	-205.0518	-204.9651
aic	436.2095	444.1220	440.1545	440.1324	444.1036	459.9302
bic	526.8548	562.6582	544.7453	544.7231	562.6398	634.2481
Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors, fixed effects not reported
*** p< 0.01, ** p< 0.05, * p< 0.1

Source: own computation; IMF CPIS, Lane and Milesi-Ferretti (2007), World Bank (2013), S&P, Moody's

Table 7 PPML panel estimation results of size-making (2001-2007)

Variable	X_ij_W_j (1)	X_ij_W_j (2)	X_ij_W_j (3)	X_ij_W_j (4)	X_ij_W_j (5)	X_ij_W_j (6)
log(Si/A)	0.2142***	0.2135***	0.2035***	0.1806**	0.1742*	0.1745**
log(W_k/tau_ik*A)	-0.7190***	-0.7179***	-0.7211***	-0.7207***	-0.7230***	-0.7205***
log(tau_ij)	-0.9549***	-0.9537***	-0.9564***	-0.9578***	-0.9595***	-0.9560***
rtgdiff_ij		0.0279				-0.0831*
inv_iXrtgdiff		-0.0044				-0.0097
inv_jXrtgdiff		-0.0111				0.0405***
inv_ijXrtgdif		0.0079				0.0006
invgrade_i			0.2967***			
invgrade_j			-0.0354			
rating_i				0.0253	0.0037	-0.0092
rating_j				0.0068	0.0092	0.0098**
invXrtg_i					0.0202***	0.0334***
invXrtg_j					-0.0027*	-0.0013
invupgrade_i						-0.0597
invupgrade_j						-0.0138
invdowngrd_i						-0.0569
invdowngrd_j						-0.0278*
N	5001	5001	5001	5001	5001	5001
ll	-102.8288	-102.8284	-102.8269	-102.8272	-102.8255	-102.8244
aic	223.6577	231.6569	227.6537	227.6543	231.6510	247.6487
bic	282.3142	316.3830	299.3450	299.3457	316.3771	384.5140
Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors, fixed effects not reported
*** p< 0.01, ** p< 0.05, * p< 0.1

Table 8 PPML panel estimation results of size-making (2008-2011)

Variable	X_ij_W_j (1)	X_ij_W_j (2)	X_ij_W_j (3)	X_ij_W_j (4)	X_ij_W_j (5)	X_ij_W_j (6)
log(Si/A)	1.3019***	1.3035***	1.3012***	1.3560***	1.3535***	1.3336***
log(W_k/tau_ik*A)	-0.5372***	-0.5428***	-0.5404***	-0.5676***	-0.5701***	-0.6011***
log(tau_ij)	-1.0116***	-1.0185***	-1.0106***	-1.0256***	-1.0278***	-1.0516***
rtgdiff_ij		-0.0358***				-0.0780**
inv_iXrtgdiff		-0.0213				0.0719
inv_jXrtgdiff		-0.0182*				0.0616**
inv_ijXrtgdif		0.0049				0.2029**
invgrade_i			0.1667***			
invgrade_j			0.0039			
rating_i				0.0573*	0.0590	0.0649
rating_j				-0.0094	-0.0266***	-0.0519**
invXrtg_i					-0.0012	0.0161*
invXrtg_j					0.0083***	0.0180**
invupgrade_i						0.3202
invupgrade_j						0.0151
invdowngrd_i						-0.2743
invdowngrd_j						0.3222***
N	2801	2801	2801	2801	2801	2801
ll	-49.9354	-49.9342	-49.9343	-49.9235	-49.9215	-49.9114
aic	111.8707	119.8685	115.8685	115.8470	119.8431	135.8229
bic	147.4971	179.2458	163.3704	163.3489	179.2204	242.7020
Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors, fixed effects not reported
*** p< 0.01, ** p< 0.05, * p< 0.1

B. Clustered OLS estimations

B.1 Piloting

Table 9 Clustered OLS estimation results of host country investment holdings (1976-2011)

Variable	X_i_W_j_1 (1)	X_i_W_j_2 (2)	X_i_W_j_3 (3)	X_i_W_j_4 (4)	X_i_W_j_5 (5)	X_i_W_j_6 (6)
log(S_i)	0.0048***	0.0041***	0.0088***	0.0092***	0.0103***	0.0100***
log(A)	-0.0048***	-0.0049***	-0.0098**	-0.0100**	-0.0116**	-0.0113**
rtg_stage		0.0037**				
rtg_1st_i			0.0086**	0.0108**	0.0101**	
invXrtg_1st			-0.0199**	-0.0208**	-0.0198**	
L1_rtg_1st_i				0.0054	0.0052	
L2_rtg_1st_i				0.0054	0.0051	
L3_rtg_1st_i				0.0053	0.0048	
L4_rtg_1st_i				0.0055*	0.0049*	
rating_i					-0.0010	-0.0009
invXrtg_i					0.0002	0.0001
Constant	0.0438***	0.0380***	0.0741***	0.0755***	0.0970**	0.0949**
N	4282	4282	1655	1655	1655	1655
ll	10495.839	10515.786	348 0.0498	3483.1155	3489.0269	3483.3615
aic	-20917.677	-20955.572	-6882.0997	-688 0.2309	-6888.0538	-6888.7231
bic	-20682.277	-20713.809	-6671.049	-6647.534	-6644.5337	-6677.6724
Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors, fixed effects not reported
*** p< 0.01, ** p< 0.05, * p< 0.1

Source: own computation; IMF CPIS, Lane and Milesi-Ferretti (2007), World Bank (2013), S&P, Moody's,

Table 10 Clustered OLS estimation results of host country investment net inflows (1976-2011)

Variable	X_i_W_j_1 (1)	X_i_W_j_2 (2)	X_i_W_j_3 (3)	X_i_W_j_4 (4)	X_i_W_j_5 (5)	X_i_W_j_6 (6)
ΔS_i	681.6442***	584.3437***	646.5921***	626.8424***	528.1161**	527.4689**
ΔA	-3.7708**	-2.8813**	-6.5095	-6.4718	-0.3279	1.4259
rtg_stage		113.2886***				
rtg_1st_i			-162.5358***	-204.9892***	-78.6827**	
invXrtg_1st			-6 0.7209	-57.6538	-172.9410*	
L1_rtg_1st_i				-187.8666***	-10 0.7615**	
L2_rtg_1st_i				-182.4195**	-98.2737**	
L3_rtg_1st_i				-165.6370**	-84.7302*	
L4_rtg_1st_i				-172.0353**	-92.5952*	
rating_i					15.3636**	16.0631**
invXrtg_i					2.2499	3.2473
Constant	41.0622***	-86.3315**	96.5873	117.3691	-224.0835*	-288.5573**
N	3448	3448	1480	1480	1480	1480
ll	-2.48e+04	-2.47e+04	-1.12e+04	-1.12e+04	-1.12e+04	-1.12e+04
aic	4.98e+04	4.95e+04	2.26e+04	2.25e+04	2.25e+04	2.25e+04
Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

legend: * p<.1; ** p<.05; *** p<.01

Note: Lane & Milesi-Ferretti (2007), S&P, Moody's, insufficient values for 2011 dropped. Smaller number of observations in models (4) to (6) due to inclusion of restricted variables.

B.2 Home Bias cutting

Table 11 Clustered OLS estimation results of investor country *j* home bias (2001-2011)

Variable	log(HB_j) (1)	log(HB_j) (2)	log(HB_j) (3)	log(HB_j) (4)	log(HB_j) (5)	log(HB_j) (6)
log(Si/A)	0.0000	-0.0002	-0.0000	0.0000	0.0000	0.0001
log(W_k/tau_ik*A)	0.4149***	0.2585***	0.3113***	0.2373***	0.2318***	0.2281***
log(tau_ij)	0.0000	-0.0000	0.0001	-0.0000	0.0000	-0.0001
log(1-A_j/A)	24.6524***	2	21.5880***	2	2	2
		0.3226***		0.6510***	0.3328***	0.2866***
rtg_stage_i		-0.0002				
rtg_stage_j		0.6341***				
invgrade_i			0.0007			
invgrade_j			0.4620**			
rating_i				-0.0000	-0.0002	-0.0003
rating_j				0.0670***	0.0440	0.0717***
invXrtg_i					0.0001	
invXrtg_j					0.0141	
invupgrade_i						-0.0161
invupgrade_j						0.3769*
invdown-grade_i						-0.0134
invdown-grade_j						0.0194
Constant	1.4189***	-0.6380	0.4470	-0.8323	-0.6703	-0.9651
N	7821	7821	7821	7821	7821	7821
ll	-5685.3634	-4848.8109	-5238.4735	-4658.9128	-4615.756	-4608.0862
aic	11396.727	9729.6217	10508.947	9349.8255	9267.512	9256.1724
bic	11487.266	9841.0548	1062 0.38	9461.2586	9392.8742	9395.4637
Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors, fixed effects not reported
*** p< 0.01, ** p< 0.05, * p< 0.1

Source: own computation; IMF CPIS, Lane and Milesi-Ferretti (2007), World Bank (2013), S&P, Moody's,

Table 12 Clustered OLS estimation results of investor country *j* home bias (2001-2007)

Variable	log(HB_j) (1)	log(HB_j) (2)	log(HB_j) (3)	log(HB_j) (4)	log(HB_j) (5)	log(HB_j) (6)
log(Si/A)	1.395e-17	-.00010785	-6.530e-06	.00006087	.00001835	.00081188
log(W_k/tau_ik*A)	0.3871***	0.1542	0.2134*	0.1644*	0.1411	0.1576*
log(tau_ij)	-1.792e-18	.00002895	.00004432	-.00005907	-2.297e-06	.00061162
log(1-A_j/A)	22.3095***	14.4959*	16.4080**	16.1032**	15.1977**	15.8614**
rtg_stage_i		0.0002				
rtg_stage_j		0.8292***				
invgrade_i			0.0005			
invgrade_j			0.6595**			
rating_i				-0.0001	-0.0002	-0.0001
rating_j				0.0750***	0.0335	0.0790***
invXrtg_i					0.0001	
invXrtg_j					0.0276	
invupgrade_i						-0.0278
invupgrade_j						0.3393*
invdown-grade_i						-0.0192
invdown-grade_j						-0.0401
Constant	1.2173**	-1.6760	-0.3483	-1.4710*	-1.2921	-1.5852*
N	5190	5190	5190	5190	5190	5190
ll	-3983.3431	-3186.8422	-3476.4331	-3116.4983	-3005.2066	-3082.2975
aic	7982.6862	6397.6844	6976.8663	6256.9966	6038.4131	6196.5949
bic	8035.1221	6476.3383	7055.5201	6335.6505	613 0.176	6301.4668
Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors, fixed effects not reported
*** p< 0.01, ** p< 0.05, * p< 0.1

Table 13 Clustered OLS estimation results of investor country *j* home bias (2008-2011)

Variable	log(HB_j) (1)	log(HB_j) (2)	log(HB_j) (3)	log(HB_j) (4)	log(HB_j) (5)	log(HB_j) (6)
log(Si/A)	-2.057e-16	-.00031199	-.00006529	-.00004845	-.00002206	-.00011546
log(W_k/tau_ik*A)	0.4592***	0.3792***	0.4206***	0.3426***	0.3406***	0.3313***
log(tau_ij)	-3.820e-17	-.00009798	.00005533	.00001645	-5.825e-06	-.00047067
log(1-A_j/A)	28.7644***	27.7321***	27.9910***	27.5682***	27.6857***	26.9383***
rtg_stage_i		-0.0011				
rtg_stage_j		0.4148**				
invgrade_i			0.0007			
invgrade_j			0.2349			
rating_i				0.0000	0.0000	-0.0006
rating_j				0.0542***	0.0649	0.0601***
invXrtg_i					-0.0000	
invXrtg_j					-0.0055	
invupgrade_i						-0.0142
invupgrade_j						0.4854**
invdown-grade_i						-0.0145
invdown-grade_j						0.3193**
Constant	2.4321***	1.2269*	2.0240***	0.7121	0.5869	0.5397
N	2631	2631	2631	2631	2631	2631
ll	-1647.9984	-1477.3766	-1593.8579	-1429.1464	-1427.0812	-1403.7823
aic	3307.9969	2974.7532	3207.7158	2878.2928	2878.1624	2835.5646
bic	3343.2476	3033.5044	3266.467	2937.044	2948.6638	2917.8163
Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors, fixed effects not reported
*** p< 0.01, ** p< 0.05, * p< 0.1

B.3 Size-making

Table 14 Clustered OLS estimation results of size-making (2001-2011)

Variable	ln(Xij_Wj) (1)	ln(Xij_Wj) (2)	ln(Xij_Wj) (3)	ln(Xij_Wj) (4)	ln(Xij_Wj) (5)	ln(Xij_Wj) (6)
log(Si/A)	0.3792***	0.3812***	0.3807***	0.3844***	0.3860***	0.3885***
log(W_k/tau_ik*A)	-0.3090***	-0.3187***	-0.3221***	-0.3240***	-0.3322***	-0.3279***
log(tau_ij)	-1.0053***	-0.9905***	-0.9933***	-0.9841***	-0.9843***	-0.9851***
rtg_stage_i		0.2332***				
rtg_stage_j		0.2207***				
invgrade_i			0.2559***			
invgrade_j			0.2139***			
rating_i				0.0273***	-0.0033	0.0249***
rating_j				0.0247***	0.0256	0.0253**
invXrtg_i					0.0208***	
invXrtg_j					-0.0006	
invupgrade_i						-0.0592*
invupgrade_j						0.0892
invdown-grade_i						-0.3721***
invdown-grade_j						0.0139
Constant	-0.5505***	-1.4933***	-1.0571***	-1.6804***	-1.5013***	-1.6461***
N	7915	7915	7915	7915	7915	7915
ll	-571	-5518.1507	-5519.8387	-544	-5386.9017	-5402.7309
	0.8174			0.9877		
aic	11449.635	11068.301	11071.677	10913.975	10809.803	10845.462
bic	11547.306	11179.926	11183.302	11025.6	10935.381	10984.992
Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors, fixed effects not reported
*** p< 0.01, ** p< 0.05, * p< 0.1

Source: own computation; IMF CPIS, Lane and Milesi-Ferretti (2007), World Bank (2013), S&P, Moody's

Table 15 Clustered OLS estimation results of size-making (2001-2007)

Variable	ln(Xij_Wj) (1)	ln(Xij_Wj) (2)	ln(Xij_Wj) (3)	ln(Xij_Wj) (4)	ln(Xij_Wj) (5)	ln(Xij_Wj) (6)
log(Si/A)	0.4038***	0.4046***	0.4035***	0.4094***	0.4090***	0.4243***
log(W_k/tau_ik*A)	-0.3235***	-0.3353***	-0.3368***	-0.3486***	-0.3560***	-0.3573***
log(tau_ij)	-1.0069***	-0.9917***	-0.9949***	-0.9854***	-0.9853***	-0.9861***
rtg_stage_i		0.2583***				
rtg_stage_j		0.1821**				
invgrade_i			0.2574***			
invgrade_j			0.1739**			
rating_i				0.0332***	0.0107*	0.0267***
rating_j				0.0202***	0.0223	0.0200**
invXrtg_i					0.0162***	
invXrtg_j					-0.0014	
invupgrade_i						-0.5999***
invupgrade_j						0.0383
invdown-grade_i						-0.5509***
invdown-grade_j						-0.0270
Constant	-0.5173***	-1.4596***	-1.0058***	-1.7377***	-1.6492***	-1.5989***
N	5043	5043	5043	5043	5043	5043
ll	-3140.0053	-3016.5839	-3024.2008	-2942.2299	-2916.3704	-2828.9688
aic	6300.0105	6057.1678	6072.4016	5908.4598	5860.7408	5689.9377
bic	6365.2681	6135.4769	6150.7107	5986.7689	5952.1014	5794.3498
Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors, fixed effects not reported
*** p< 0.01, ** p< 0.05, * p< 0.1

Table 16 PPML panel estimation results of size-making (2008-2011)

Variable	ln(Xij_Wj) (1)	ln(Xij_Wj) (2)	ln(Xij_Wj) (3)	ln(Xij_Wj) (4)	ln(Xij_Wj) (5)	ln(Xij_Wj) (6)
log(Si/A)	0.3271***	0.3315***	0.3320***	0.3338***	0.3434***	0.3380***
log(W_k/tau_ik*A)	-0.2794***	-0.2855***	-0.2922***	-0.2743***	-0.2815***	-0.2805***
log(tau_ij)	-1.0031***	-0.9896***	-0.9916***	-0.9823***	-0.9837***	-0.9790***
rtg_stage_i		0.1859***				
rtg_stage_j		0.2850**				
invgrade_i			0.2464***			
invgrade_j			0.2831**			
rating_i				0.0155***	-0.0351***	0.0224***
rating_j				0.0338**	0.0391	0.0354**
invXrtg_i					0.0302***	
invXrtg_j					-0.0031	
invupgrade_i						0.3782***
invupgrade_j						0.2182**
invdown-grade_i						-0.0849
invdown-grade_j						0.1086
Constant	-0.7037***	-1.6493***	-1.2654***	-1.6422***	-1.2723***	-1.8348***
N	2872	2872	2872	2872	2872	2872
ll	-2444.8415	-2369.3325	-2367.1525	-2342.9342	-2311.6655	-2333.4468
aic	4903.6831	4756.6651	4752.3051	4703.8684	4645.3309	4690.8936
bic	4945.4224	4810.3299	4805.97	4757.5333	4710.9213	4762.4467
Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors, fixed effects not reported
*** p< 0.01, ** p< 0.05, * p< 0.1

C. Panel FE estimations

C.1 Piloting

Table 17 Panel fixed effects estimation results of host country investment holdings (1976-2011)

Variable	X_i_W_j_1 (1)	X_i_W_j_2 (2)	X_i_W_j_3 (3)	X_i_W_j_4 (4)	X_i_W_j_5 (5)	X_i_W_j_6 (6)
log(S_i)	0.0013**	0.0013**	0.0065*	0.0065*	0.0064*	0.0065*
log(A)	-0.0016***	-0.0016***	-0.0071**	-0.0073**	-0.0072**	-0.0070**
rtg_stage		0.0002				
rtg_1st_i			-0.0019	-0.0030	-0.0029	
invXrtg_1st			-0.0017	-0.0014	-0.0015	
L1_rtg_1st_i				-0.0026*	-0.0026*	
L2_rtg_1st_i				-0.0020	-0.0021	
L3_rtg_1st_i				-0.0017	-0.0017	
L4_rtg_1st_i				-0.0010	-0.0010	
rating_i					0.0000	-0.0001
invXrtg_i					0.0000	0.0001
Constant	0.0172***	0.0169***	0.0560***	0.0566***	0.0552**	0.0558**
N	4282	4282	1655	1655	1655	1655
ll	16828.812	16829.631	5854.3953	586 0.0883	586 0.594	5851.3973
aic	-33585.623	-33585.262	-11632.791	-11636.177	-11633.188	-11626.795
bic	-33356.585	-33349.862	-11427.152	-11408.891	-11395.08	-11421.156
Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors, fixed effects not reported
*** p< 0.01, ** p< 0.05, * p< 0.1

Source: own computation; IMF CPIS, Lane and Milesi-Ferretti (2007), World Bank (2013), S&P, Moody's,

Table 18 Panel fixed effects results of host country investment net inflows (1976-2011)

Variable	X_i_W_j_1 (1)	X_i_W_j_2 (2)	X_i_W_j_3 (3)	X_i_W_j_4 (4)	X_i_W_j_5 (5)	X_i_W_j_6 (6)
ΔS_i	72.3423	74.0019	21.1121	24.4032	24.1653	19.7257
ΔA	1.4926*	1.4836*	12.5220*	11.9409*	11.5053*	13.0298**
rtg_stage		12.3772				
rtg_1st_i			-16.4101	-33.1619	-37.0678	
invXrtg_1st			-116.1638	-11 0.7076	-109.2047	
L1_rtg_1st_i				-28.3628	-34.0739	
L2_rtg_1st_i				-25.6125	-3 0.4195	
L3_rtg_1st_i				-22.9286	-26.5820	
L4_rtg_1st_i				-4 0.3409	-42.1247	
rating_i					7.5573	6.3788
invXrtg_i					1.4459	1.9126
Constant	38.5515***	24.9853	-96.7289	-85.1736	-206.7572	-224.9773
N	3448	3448	1480	1480	1480	1480
ll	-24038.723	-24038.097	-10894.975	-10894.557	-10893.303	-10894.726
aic	48147.445	48148.194	21863.95	21871.113	21872.606	21863.453
bic	48362.54	48369.434	2206 0.042	22088.405	2210 0.498	22059.545
Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

legend: * p<.1; ** p<.05; *** p<.01

Note: Lane & Milesi-Ferretti (2007), S&P, Moody's, insufficient values for 2011 dropped. Smaller number of observations in models (4) to (6) due to inclusion of restricted variables.

C.2 Home Bias cutting

Table 19 Panel fixed effects estimation results of investor country *j* home bias (2001-2011)

Variable	log(HB_j) (1)	log(HB_j) (2)	log(HB_j) (3)	log(HB_j) (4)	log(HB_j) (5)	log(HB_j) (6)
log(Si/A)	-0.0002	-0.0000	-0.0001	-0.0001	-0.0004	0.0001
log(W_k/tau_ik*A)	0.0373***	0.0335***	0.0378***	0.0289***	0.0260***	0.0295***
log(tau_ij)	-0.0000	-0.0000	-0.0000	-0.0000	-0.0001	-0.0000
log(1-A_j/A)	13.5196***	14.1653***	13.3271***	15.5779***	15.9457***	15.9146***
rtg_stage_i		-0.0004				
rtg_stage_j		0.1369***				
invgrade_i			-0.0009			
invgrade_j			-0.0379***			
rating_i				-0.0000	0.0001	-0.0003
rating_j				0.0183***	0.0268***	0.0149***
invXrtg_i					-0.0001	
invXrtg_j					-0.0057***	
invupgrade_i						-0.0062
invupgrade_j						-0.0504**
invdown-grade_i						-0.0026
invdown-grade_j						-0.1203***
Constant	-1.1215***	-1.3551***	-1.0976***	-1.4424***	-1.5279***	-1.3741***
N	7821	7821	7821	7821	7821	7821
ll	4098.0212	4176.6795	4108.1456	4162.5216	420 0.4993	4197.9059
aic	-817	-8323.3589	-8186.2911	-8295.0433	-8366.9985	-8357.8117
	0.0423					
bic	-8079.503	-8218.8904	-8081.8226	-819	-8248.6009	-8225.485
				0.5748		
Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors, fixed effects not reported
*** p< 0.01, ** p< 0.05, * p< 0.1

Source: own computation; IMF CPIS, Lane and Milesi-Ferretti (2007), World Bank (2013), S&P, Moody's,

Table 20 Panel fixed effects estimation results of investor country *j* home bias (2001-2007)

Variable	log(HB_j) (1)	log(HB_j) (2)	log(HB_j) (3)	log(HB_j) (4)	log(HB_j) (5)	log(HB_j) (6)
log(Si/A)	2.674e-06	.00001053	.00028444	.00043715	.00057271	.00082912
log(W_k/tau_ik*A)	0.1024***	0.1023***	0.1019***	0.1089***	0.1052***	0.1114***
log(tau_ij)	-6.096e-06	-7.241e-06	.00002135	-2.170e-06	7.966e-06	.00013163
log(1-A_j/A)	26.9236***	26.8178***	25.6211***	24.1330***	23.6035***	23.4777***
rtg_stage_i		-0.0000				
rtg_stage_j		-0.0145				
invgrade_i			-0.0016			
invgrade_j			-0.1254***			
rating_i				-0.0002	-0.0001	-0.0002
rating_j				-0.0228***	-0.0152***	-0.0252***
invXrtg_i					-0.0001	
invXrtg_j					-0.0071***	
invupgrade_i						-0.0077
invupgrade_j						-0.0700***
invdown-grade_i						-0.0066
invdown-grade_j						-0.0835***
Constant	-0.5225***	-0.5010***	-0.4621***	-0.1402	-0.2060	-0.0932
N	5190	5190	5190	5190	5190	5190
ll	3911.8503	3912.3651	3984.1172	3952.7382	3996.1802	3976.9713
aic	-7805.7005	-7802.7302	-7946.2344	-7883.4763	-7966.3604	-7923.9426
bic	-7746.7101	-773	-7874.135	-7811.377	-7881.152	-7825.6253
		0.6308				
Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors, fixed effects not reported
*** p< 0.01, ** p< 0.05, * p< 0.1

Table 21 Panel fixed effects estimation results of investor country *j* home bias (2008-2011)

Variable	log(HB_j) (1)	log(HB_j) (2)	log(HB_j) (3)	log(HB_j) (4)	log(HB_j) (5)	log(HB_j) (6)
log(Si/A)	4.827e-15	.00144256	.00230534	.00110637	.00047053	.00161218
log(W_k/tau_ik*A)	0.0758***	0.0477***	0.0694***	0.0111	0.0068	0.0068
log(tau_ij)	-1.091e-16	8.048e-06	.00005304	8.318e-06	1.333e-06	-.00002853
log(1-A_j/A)	-	-	-	-	-	-
	18.3435***	16.8828***	18.8786***	13.8413***	13.4185***	14.9225***
rtg_stage_i		-0.0023				
rtg_stage_j		0.2861***				
invgrade_i			0.0005			
invgrade_j			0.2028***			
rating_i				-0.0001	-0.0000	-0.0001
rating_j				0.0707***	0.0782***	0.0567***
invXrtg_i					0.0000	
invXrtg_j					-0.0039***	
invupgrade_i						0.0003
invupgrade_j						-0.2242***
invdown-grade_i						-0.0013
invdown-grade_j						-0.0682***
Constant	-1.0933***	-1.6849***	-1.2714***	-2.5448***	-2.6371***	-2.3505***
N	2631	2631	2631	2631	2631	2631
ll	2024.2566	2206.3335	214 0.8236	2519.1954	2527.2468	2551.3227
aic	-4034.5131	-4394.6669	-4263.6472	-502	-5032.4936	-5076.6455
				0.3908		
bic	-3993.3873	-4341.7909	-421	-4967.5147	-4967.8673	-500
			0.7711			0.2689
Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors, fixed effects not reported
*** p< 0.01, ** p< 0.05, * p< 0.1

C.3 Size-making

Table 22 Panel fixed effects estimation results of size-making (2001-2011)

Variable	ln(Xij_Wj) (1)	ln(Xij_Wj) (2)	ln(Xij_Wj) (3)	ln(Xij_Wj) (4)	ln(Xij_Wj) (5)	ln(Xij_Wj) (6)
log(Si/A)	0.5135***	0.4999***	0.4888***	0.5000***	0.4978***	0.4998***
log(W_k/tau_ik*A)	-0.4315***	-0.4354***	-0.4407***	-0.4331***	-0.4412***	-0.4327***
log(tau_ij)	-0.9793***	-0.9801***	-0.9810***	-0.9798***	-0.9807***	-0.9798***
rtg_stage_i		0.1200***				
rtg_stage_j		-0.0578***				
invgrade_i			0.1490***			
invgrade_j			-0.0453***			
rating_i				0.0072	-0.0090*	0.0077
rating_j				-0.0098***	-0.0091***	-0.0090***
invXrtg_i					0.0119***	
invXrtg_j					-0.0006	
invupgrade_i						0.0084
invupgrade_j						0.0134
invdown-grade_i						0.0101
invdown-grade_j						0.0138
Constant	-0.9169***	-1.1072***	-1.1560***	-0.9425***	-0.8949***	-0.9621***
N	7915	7915	7915	7915	7915	7915
ll	777.64644	806.51233	831.45206	788.45055	842.69849	788.95752
aic	-1529.2929	-1583.0247	-1632.9041	-1546.9011	-1651.397	-1539.915
bic	-1438.5982	-1478.3769	-1528.2564	-1442.2534	-1532.7962	-1407.3613
Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors, fixed effects not reported
*** p< 0.01, ** p< 0.05, * p< 0.1

Source: own computation; IMF CPIS, Lane and Milesi-Ferretti (2007), World Bank (2013), S&P, Moody's

Table 23 Panel fixed effects estimation results of size-making (2001-2007)

Variable	ln(Xij_Wj) (1)	ln(Xij_Wj) (2)	ln(Xij_Wj) (3)	ln(Xij_Wj) (4)	ln(Xij_Wj) (5)	ln(Xij_Wj) (6)
log(Si/A)	0.5433***	0.5276***	0.5175***	0.5227***	0.5071***	0.5207***
log(W_k/tau_ik*A)	-0.5873***	-0.5875***	-0.5877***	-0.5862***	-0.5871***	-0.5869***
log(tau_ij)	-0.9903***	-0.9917***	-0.9917***	-0.9905***	-0.9916***	-0.9904***
rtg_stage_i		0.2125***				
rtg_stage_j		-0.0596*				
invgrade_i			0.1256***			
invgrade_j			-0.0385*			
rating_i				0.0120***	0.0017	0.0114**
rating_j				-0.0068	-0.0044	-0.0081**
invXrtg_i					0.0101***	
invXrtg_j					-0.0022	
invupgrade_i						-0.0341
invupgrade_j						-0.0285
invdown-grade_i						-0.0046
invdown-grade_j						-0.0154
Constant	-1.6931***	-2.0224***	-1.8696***	-1.8727***	-1.9222***	-1.8525***
N	5043	5043	5043	5043	5043	5043
ll	2014.7749	2065.1371	2049.4305	2022.3001	2062.9164	2024.4901
aic	-4011.5498	-4108.2742	-4076.861	-4022.6003	-4099.8328	-4018.9801
bic	-3952.818	-4036.4909	-4005.0777	-3950.817	-4014.998	-3921.0938
Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors, fixed effects not reported
*** p< 0.01, ** p< 0.05, * p< 0.1

Table 24 Panel fixed effects estimation results of size-making (2008-2011)

Variable	ln(Xij_Wj) (1)	ln(Xij_Wj) (2)	ln(Xij_Wj) (3)	ln(Xij_Wj) (4)	ln(Xij_Wj) (5)	ln(Xij_Wj) (6)
log(Si/A)	0.5476***	0.5281***	0.5455est***	0.5191***	0.5175***	0.5240***
log(W_k/tau_ik*A)	-0.5714***	-0.5851***	-0.5792***	-0.5894***	-0.5893***	-0.5862***
log(tau_ij)	-0.9812***	-0.9820***	-0.9825***	-0.9842***	-0.9843***	-0.9853***
rtg_stage_i		0.0937***				
rtg_stage_j		-0.0878***				
invgrade_i			0.0547*			
invgrade_j			-0.0872***			
rating_i				0.0147***	0.0155**	0.0097
rating_j				-0.0210***	-0.0253***	-0.0078**
invXrtg_i					-0.0005	
invXrtg_j					0.0024*	
invupgrade_i						-0.0669
invupgrade_j						0.2283***
invdown-grade_i						0.1534***
invdown-grade_j						0.0976***
Constant	-1.4982***	-1.6674***	-1.5165***	-1.5936***	-1.5695***	-1.6932***
N	2872	2872	2872	2872	2872	2872
ll	1171.6771	1190.1354	1182.0826	1198.4481	1199.1454	1214.1465
aic	-2331.3542	-2364.2708	-2348.1653	-2380.8962	-2378.2909	-2404.293
bic	-2295.5776	-2316.5687	-2300.4632	-2333.1941	-2318.6632	-2332.7399
Fixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors, fixed effects not reported
*** p< 0.01, ** p< 0.05, * p< 0.1

D. Summary statistics

D.1 Piloting

Table 25 Summary statistics of variables for piloting (holdings)

Variable	Obs	Mean	Std. Dev.	Min	Max
X_i_W_j	4283	.007161	.0245988	0	.244198
ln_S_i	4282	-5.263153	2.920806	-12.79536	3.088273
ln_A	4284	2.693552	1.206754	.5199777	4.606447
rtg_stage	4403	.5766523	.8036265	0	2
rtg_1st	4403	.0174881	.1310959	0	1
invXrtg_1st	21	1	0	1	1
rating_i	1655	14.60731	5.606858	0	21
invXrtg_i	920	19.10895	2.30659	14	21

Note: Observations for invXrtg_1st and invXrtg_i apply only to investment grade countries.

Table 26 Summary statistics of variables for piloting (net inflows)

Variable	Obs	Mean	Std. Dev.	Min	Max
dotX_i_W_j	3523	.0000621	.0003704	-.0060461	.0072033
dotX_i_W_j>=0	3105	.0000802	.0003692	0	.0072033
dotS_i	4164	.0236421	.1621853	-1.951454	4.042233
dotA	4284	-.0471233	2 0.30934	-116.866	21.15468
rtg_stage	4403	.5766523	.8036265	0	2
rtg_1st	4403	.0174881	.1310959	0	1
invXrtg_1st	21	1	0	1	1
rating_i	1655	14.60731	5.606858	0	21
invXrtg_i	920	19.10895	2.30659	14	21

Note: Observations for invXrtg_1st *and* invXrtg_*i apply only to investment grade countries. Values for* dotX_iW_j *are non-negative for Poisson estimations (418 obs dropped due to negative values).*
otX_iW_j *are non-negative for Poisson estimations (418 obs dropped due to negative values).*

Summary statistics of countries and ratings

The following tables are summary statistics of WorldBank portfolio investment inflows (in Mio USD) calculated as five-year averages from 1970 to 2012. First Rating indicates the year the respective country was first rated by either S&P or Moody's; values for 1970 (e.g. CAN, NZL, USA) indicate that the country had first been rated in 1970 or before. N captures the number of non-missing observations. 0 values may reflect "no flows" or flows below $100,000 rounded to zero.

Some countries report only zero values and are excluded if they never report a non-zero figure. The full set includes 119 countries with the following ISO-codes: ARE ARG AUS AUT BDI BEL BEN BFA BGD BHR BLZ BOL BRA BWA CAF CAN CHE CHL CIV CMR COD COG COL CRI CYP DEU DNK DOM DZA ECU EGY ESP ETH FIN FJI FRA GAB GBR GHA GIN GMB GNQ GRD GTM GUY HND HTI IDN IND IRL IRN ISL ISR ITA JAM JOR JPN KEN KOR KWT LBN LBR LBY LCA LKA LSO MAR MDG MEX MLI MLT MMR MRT MUS MWI MYS NER NGA NIC NLD NOR NPL NZL OMN PAK PHL PNG POL PRT PRY QAT RWA SAU SDN SEN SGP SLE SLV SUR SWE SWZ SYR TCD TGO THA TTO TUN TUR TZA UGA URY USA VCT VEN VUT WSM ZAF ZMB ZWE

Africa

	1970-74	1975-79	1980-84	1985-89	1990-94	1995-99	2000-04	2005-09	2010-	First Rating	N
AGO	.	.	.	0	0	0	0	0	0	2010	28
BDI	.	.	.	0	0	0	0	0	0	.	26
BEN	0	0	0	0	0	1.6	-.4	2.9	4.9	2003	37
BFA	.2	.4	.1	0	0	.	1.1	-1.2	.	2004	30
BWA	.	.8	0	0	0	4.7	4.7	10.6	18	2001	46
CAF	.	0	0	0	0	.	.	.	.	.	16
CIV	.	1.1	0	0	.2	6.8	3.6	4.3	2.2	.	36
CMR	.	0	0	0	0	-3.3	-1	-5.1	0	2003	34
COD	0	0	0	0	0	0	0	.	.	.	33
COG	.	0	0	0	0	0	-.1	.	.	.	23
CPV	.	0	0	0	0	.6	.	.9	0	2008	30
DJI	.	.	.	.	0	0	0	0	0	.	21

	1970-74	1975-79	1980-84	1985-89	1990-94	1995-99	2000-04	2005-09	2010-	First Rating	N
DZA	.	.3	-.6	0	0	.	.	0	0	.	22
EGY	.	0	0	0	0	253.1	30.8	-449.6	506.6	1996	50
ERI	.	.	.	.	.	.	.	.	.	.	0
ETH	.	0	0	0	0	.	0	0	0	.	26
GHA	.	0	0	0	0	0	0	534.5	9.5	2003	30
GIN	.	.	.	.	.	0	0	0	0	.	12
GMB	.	0	0	0	0	.	.	0	0	.	21
GNB	.	.	0	0	0	.	.2	0	2.7	.	22
GNQ	.	.	.	0	0	0	.	.	.	.	10
KEN	.	.5	.1	0	-.9	3.1	.6	2.6	21.1	2006	37
LBR	.	0	0	0	.	.	0	0	0	.	16
LBY	.	0	0	0	0	.	0	0	0	.	30
LSO	.	0	0	0	0	.	.2	.3	0	.	32
MAR	.	0	0	0	52.3	39.3	121.6	-30.8	149	1998	50
MDG	0	0	0	0	0	.	0	.	.	2004	19
MLI	.	0	0	0	0	5.7	2.4	-.1	1.2	2004	35
MOZ	.	.	0	0	0	0	0	.3	.2	2004	32
MRT	.	0	0	0	0	0	.	.	.	.	24
MWI	.	12.1	1.4	1.9	.2	.	0	-2	0	.	26
NAM	.	.	.	.	8.1	36.9	15.4	4.4	4.4	2011	22
NER	0	0	0	0	.	.2	1	2.2	.	.	26
NGA	.	0	0	0	0	0	.	700.1	2366.2	2006	27
RWA	.	0	.3	0	0	0	0	0	21.4	2011	35
SDN	.	0	0	0	0	0	0	-10.5	.9	.	34
SEN	2.7	4.7	.4	.2	1.7	3.7	-5.6	-18.5	23.3	2000	37
SLE	.	0	0	0	0	0	0	1.1	0	.	30
SOM	.	0	0	0	.	.	.	.	.	.	13
SSD	.	.	.	.	.	.	.	.	.	.	0
SWZ	0	0	0	3.5	-.6	1.4	-.6	8.9	4.7	.	37
TCD	.	0	0	0	0	.	.	.	.	.	18
TGO	.8	5.1	.6	1	1.4	9.9	7.7	7.2	4.5	.	37
TUN	.	0	65.7	23.4	22.3	32.7	2.5	-4.2	-34.8	1995	51
TZA	.	0	0	0	0	0	3.1	2.8	3.3	.	36
UGA	.	.	0	0	0	0	4.9	28	17.5	2008	32
ZAF	0	0	0	-240.9	-28.9	5667.6	2033	7103.1	1028.7	1994	70
ZMB	.	0	0	0	0	4.9	3	-1.5	55.9	2011	29
ZWE	.	0	0	0	11.4	.	.	.	.	.	18

Asia

	1970-74	1975-79	1980-84	1985-89	1990-94	1995-99	2000-04	2005-09	2010-	First Rating	N
AFG	.	0	0	0	.	.	.	.	.	.	11
ARE	.	.	.	.	.	.	.	.	.	1996	0
ARM	.	.	.	.	.	.7	.4	.1	.3	2006	16
AZE	.	.	.	.	.	.	.	.4	.3	2006	11
BGD	.	0	.6	-1.1	25.1	-29.5	.4	.6	-4.8	2010	36
BTN	.	.	.	.	.	.	.	0	0	.	6
CHN	.	.	0	0	0	1406.8	5732.4	23897.8	18332.8	1988	50
CYP	.	0	0	0	0	0	20	8.6	432.2	1994	52
GEO	.	.	.	.	.	2.9	0	61	-14.6	2005	17
HKG	.	.	.	.	.	29181.7	11052.3	18996.3	14201.9	1988	28
IDN	.	.	0	0	934.2	-1365.7	694.1	1280.2	902.7	1992	49
IND	.	0	0	0	1429.7	1964.1	4752.9	12836.4	13152.5	1988	59
IRN	.	0	0	0	0	0	0	.	.	.	25
IRQ	.	.	.	.	.	.	.	3.8	75.4	.	5
ISR	0	0	119.9	-159	143.8	1188.9	1715.2	2824	-656	1988	69
JOR	0	0	0	0	0	4.4	-90.8	230	44.5	1995	57
JPN	.	-420	3170	-9231	22189	49409.9	41436	38189.4	22986.4	1970	66
KAZ	.	.	.	.	.	.	33	504.9	85.9	1996	24
KGZ	.	.	.	.	.	0	-.9	1.7	-6.3	.	14
KHM	.	.	.	.	.	0	0	0	0	2007	14
KOR	.	0	0	0	2658.3	5725.2	9528.4	-8520.6	8063.7	1986	60
KWT	.	0	0	0	0	0	0	1035.4	545	1996	52
LAO	.	.	0	0	.5	0	0	0	32.6	.	27
LKA	.	.2	0	0	0	0	-82.7	-342.2	-835.8	2005	33
MAC	.	.	.	.	.	.	.1	.3	.7	1997	10
MMR	.	0	0	0	0	.	.	.	.	.	16
MNG	.	.	0	0	0	0	.	6	344.8	1999	28
MYS	0	0	0	0	0	0	1931.2	-2135.5	.	1986	51
NPL	.	0	0	0	0	0	0	.	.	.	25

	1970-74	1975-79	1980-84	1985-89	1990-94	1995-99	2000-04	2005-09	2010-	First Rating	N
OMN	0	0	0	0	0	77.3	9.4	451.2	121.7	1996	54
PAK	.	0	1.4	12.4	503	133.7	1.4	514.4	243.5	1994	54
PHL	.	0	0	0	0	489.6	233.6	956.6	770.5	1993	54
QAT	.	.	.	.	.	.	.	.	-903	1996	2
SAU	0	0	0	0	0	0	0	.	.	1996	36
SYR	.	0	0	0	0	0	0	0	.	.	33
THA	.	2.2	27.5	654.5	643.6	1695.6	979.3	2504.9	2044.9	1989	60
TJK	.	.	.	.	.	.	.6	0	0	.	9
TKM	.	.	.	.	.	.	.	.	.	.	0
TLS	.	.	.	.	.	.	.	.	.	.	0
TUR	0	0	0	3.4	506.8	60.8	545.2	3257.8	1241	1992	58
TWN	.	.	.	.	.	.	.	.	.	1989	0
VNM	.	.	.	.	.	.	.	1444.2	1723.5	1997	14
YEM	.	.	.	.	.	0	0	0	0	.	12

Europe

	1970-74	1975-79	1980-84	1985-89	1990-94	1995-99	2000-04	2005-09	2010-	First Rating	N
ALB	.	.	0	0	0	0	0	9.6	4.7	2007	30
AND	.	.	.	.	.	.	.	.	.	2003	0
AUT	1.7	-2.3	4.7	340.7	699.5	1930.1	2205.4	2724.1	63.9	1975	80
BEL	.	.	.	.	.	.	2269	3847.1	-4520.1	1988	20
BGR	.	.	0	0	0	13.7	-5.7	117.4	-16.9	1996	46
BIH	.	.	.	.	.	0	0	0	0	2004	13
BLR	.	.	.	.	.	1.4	1.5	1.5	.3	2007	19
CHE	.	0	674.8	5152.5	1906.2	7733.6	1815.8	7754.1	187.8	1982	59
CZE	.	.	.	.	811.1	686.2	562.6	-595.1	-116.6	1993	38
DEU	241.6	929.3	797.6	4927	1679.5	21962.5	16020.2	17786.2	2558.9	1983	67
DNK	.	-8.4	10.4	0	0	-17.9	1348.6	831.5	3257.5	1970	58
ESP	.	-.6	83.7	3225.1	3696.5	4698	7545.7	-2282.6	-872.6	1988	61
EST	.	.	.	.	2.8	120	68.7	-239.8	-36.3	1997	35
FIN	.	0	0	150.2	992.3	5235.1	3221.4	2674.3	-525.1	1972	72
FRA	.	.	289.6	3668	7560.6	19515.1	22346.7	39341.1	-713.2	1975	58
GBR	399.2	391.1	787.7	10302.7	11968	38368.8	50565.9	35663.9	-9171.3	1978	76
GGY	.	.	.	.	.	.	.	.	.	2009	0
GRC	.	0	0	0	0	-647.2	2345	4038.2	-906.6	1988	35
HRV	.	.	.	.	5.7	-.2	48.4	176.1	117.1	1997	34
HUN	.	.	0	0	67.4	604.5	277.4	-729.2	-204.6	1989	50
IMN	.	.	.	.	.	.	.	.	.	1997	0
IRL	0	0	0	0	0	20001.8	75309.3	83083.1	119260.4	1987	62
ISL	.	0	0	0	0	14	61.9	-125.6	9	1989	59
ITA	0	0	0	1211.9	1265.2	6797.8	1246.6	-1359.4	4902	1986	66
LIE	.	.	.	.	.	.	.	.	.	1996	0
LTU	.	.	.	.	2.6	15.5	24.6	7.2	22.6	1996	34
LUX	.	.	.	.	.	.	76006.9	157338.9	118465.8	1989	20
LVA	.	.	.	.	.	10.5	17.6	-7.1	23.8	1997	32
MDA	.	.	.	.	.6	3.1	1.6	3.6	5.5	1997	18
MKD	.	.	.	.	.	1.4	3.2	49.3	-6.1	2004	16
MLT	0	0	0	0	0	1.4	-27.5	8.1	11.3	1994	59
MNE	.	.	.	.	.	.	.	-3.3	-11.4	2004	9
NLD	10	153.7	312.8	1121.3	-693.2	7525.4	6809.1	1304.2	7784.6	1986	69
NOR	.	0	108.5	386.1	524.6	-364.8	2242.9	3070.8	1662.7	1970	71
POL	.	0	0	0	0	663	83.6	175.6	5463.5	1995	53
PRT	.	.2	1.7	270.4	486.8	1425.3	4633.9	4378.5	-6092.3	1986	61
ROU	0	0	0	0	0	79.6	53.4	261.1	-16.5	1996	57
RUS	.	.	.	.	44.8	859.5	802.1	2683.6	-7257.7	1996	34
SRB	.	.	.	.	.	.	.	245.8	76.9	2004	5
SVK	.	.	.	.	288	25.2	-19.6	138	32.2	1994	34
SVN	.	.	.	.	0	18.7	7.4	62	195.8	1996	32
SWE	-18.9	-27.9	239.8	-108.1	3054.7	14.2	3659.1	944.5	3736.3	1977	77
UKR	.	.	.	.	.	162.5	61.8	322.4	404.5	1998	27

North & Central America

	1970-74	1975-79	1980-84	1985-89	1990-94	1995-99	2000-04	2005-09	2010-	First Rating	N
BHS	.	0	0	0	.	.	.	.	.	1997	14
BLZ	.	.	0	0	0	0	0	1.2	0	1999	39
BMU	.	.	.	.	.	.	.	76.9	118.6	1994	12
CAN	-70.5	29.1	272.2	1760.3	2505	5530.1	12625.8	296.5	19544	1970	94
CRI	.	0	0	-.5	0	0	0	0	0	1997	50

	1970-74	1975-79	1980-84	1985-89	1990-94	1995-99	2000-04	2005-09	2010-	First Rating	N
CUB	.	.	.	.	.	.	.	.	.	1999	0
DOM	0	0	0	0	0	.	0	0	0	1997	47
GRD	.	0	0	0	0	.	.	.	.	2002	14
HND	0	0	0	0	0	0	.1	0	0	1998	42
HTI	0	0	0	0	0	0	0	0	0	.	38
JAM	.	0	0	0	0	0	0	0	0	1998	49
MEX	.	0	0	98.8	5936.4	1927.7	-430.3	1268.3	-2801	1990	53
NIC	.	0	0	0	0	0	0	0	0	1998	35
PAN	.	.1	0	0	-.1	0	0	0	0	1970	35
SLV	.	.5	0	0	0	0	0	0	0	1996	51
USA	1396	1518	3415	8673.2	2136	49772	92980	171293	102458	1970	84
VCT	.	0	0	0	0	.	.	.	.	2007	13

Oceania

	1970-74	1975-79	1980-84	1985-89	1990-94	1995-99	2000-04	2005-09	2010-	First Rating	N
AUS	191.8	139.3	749	1538	3998.9	7053	-1259	17977.8	3896.8	1970	94
FJI	.	0	0	0	0	0	.3	1	.1	1999	37
NCL	.	.	.	.	.	.	0	0	0	.	10
NZL	0	0	0	2.4	137.4	.	171.4	174.2	646.7	1970	64
PNG	.	0	0	0	0	.	.	.	.	1998	15
SLB	.	0	0	0	0	0	0	0	0	.	36
WSM	.	0	0	0	0	.	.	.	.	.	17

South America

	70-74	75-79	80-84	85-89	90-94	95-99	00-04	05-09	2010-	First Rating	N
ARG	.	0	0	0	2999.6	-1248	-666.5	340.2	-190.8	1986	55
BOL	.	0	0	0	0	0	0	0	0	1998	50
BRA	.	-.4	2.6	38.2	3919.2	2892.6	2518.3	13978.1	22429.3	1986	55
CHL	.	0	0	18	677.2	655	-127.9	822.2	3125.1	1992	55
COL	0	0	0	0	136.6	150.9	14	165.4	1659.6	1993	63
ECU	.	0	0	0	1.6	9.3	2.6	1.2	1.2	1997	48
GUY	.	0	0	0	.	.	.	.	.	.	9
PER	.	0	0	0	137.3	-16	22	185	116.9	1996	50
PRY	.	0	.3	0	0	0	0	0	0	1995	51
SUR	.	0	-.3	-.1	0	0	0	0	0	1999	38
URY	.	0	0	0	0	0	8.8	-11.3	0	1993	52
VEN	0	0	0	0	159.6	727.2	-124.2	47.6	5	1976	77

D.2 Home Bias cutting

Table 27 Home bias variable summary statistics (2001-2011)

Year	Variable	Obs	Mean	Std. Dev.	Min	Max
2001	HB_j	2592	.1743027	.3957843	-1.639562	.6616489
2002	HB_j	2592	.2209397	.378828	-1.258983	.9078904
2003	HB_j	2592	.2741503	.3704787	-1.146137	.9632046
2004	HB_j	2664	.2680947	.472335	-1.947666	1.152996
2005	HB_j	2880	.2264709	.6521858	-3.293643	.9359116
2006	HB_j	2952	.2556067	.8591945	-4.672457	1.46701
2007	HB_j	2952	.2220654	.824868	-4.30695	1.197231
2008	HB_j	2952	.3467707	.7968182	-2.781925	2.984003
2009	HB_j	2993	-.0905859	2.753978	-16.92719	2.229582
2010	HB_j	3024	.3319224	1.016349	-3.397782	3.516764
2011	HB_j	3024	.3132397	1.136791	-3.151408	4.567497

Table 28 Home bias variable summary statistics (2001-2011) for HB ∈ (0,1)

Year	Variable	Obs	Mean	Std. Dev.	Min	Max
2001	HB_j	1131	.2776569	.163473	.0552749	.6616489
2002	HB_j	1131	.3238642	.219929	.0691638	.9078904
2003	HB_j	1131	.372214	.233766	.1046279	.9632046
2004	HB_j	1092	.3581136	.2209692	.1030702	.8958761
2005	HB_j	1131	.3898937	.2459276	.1167322	.9359116

2006	HB_j	1131	.4073108	.2610597	.1063439	.9561318
2007	HB_j	1053	.3531122	.2162525	.1087237	.851407
2008	HB_j	1131	.3069385	.2220705	.0754413	.8362893
2009	HB_j	975	.3740271	.2395933	.0954809	.8768132
2010	HB_j	1092	.3591268	.2392731	.0836592	.9287253
2011	HB_j	1092	.3120556	.2114544	.0978468	.8566975

```
. count if HB_j != .
14040
. count if HB_j >= 0 & HB_<= 1
12090
```

Table 29 Summary statistics of gravity variables for home bias estimation

Variable	Obs	Mean	Std. Dev.	Min	Max
HB_j	14040	.2345892	1.172924	-16.92719	4.567497
ln_HB_j	12714	-1.189399	.7786722	-2.895436	1.518965
HB_j ∈(0,1)	12090	.3482692	.2290874	.0552749	.9632046
ln_HB∈(0,1)	12090	-1.277753	.6828146	-2.895436	-.0374895
ln_Si_A	11788	-4.704397	1.376022	-7.590662	-.6619452
ln_W_j_tau_A	11388	-5.551033	1.749336	-1 0.21431	-1.016667
ln_Etau_ij	10669	12.08235	4.130728	5.925811	26.56531
Aj_A	14040	-.0354679	.1042527	-.7253542	-.0005053
rating_j	14040	16.99497	4.929521	0	21
rating_i	14040	16.23466	5.223069	0	21
kaopen_j	14040	1.459121	1.331465	-1.168828	2.439009
kaopen_i	14040	1.459838	1.355715	-1.168828	2.439009
invgr_j	14040	.730698	.4436129	0	1
invgr_i	14040	.6833333	.4651928	0	1

Note: HB_j has been censored to include only values in the interval (0,1) for which it is defined. The problem arises because there are less reporting countries (i) than investing countries (j) so that in a considerable number of cases the last term dominates the denominator of the home bias indicator and W_j becomes very small or even negative: $W_j = X_{ii} + \sum_{i=1}^{N} X_{ij} - \sum_{i=1}^{N} X_{ji} < 1$. This results in a considerable number of observations of HB_j above 1 (13,411) and below 0 (14,853) had to be dropped leaving only 26,743 observations for which the indicator is well defined as the following table summarizes:

Table 30 Summary statistics of the home bias variable

Home Bias variable	HB_j Percentiles			
1%	-13.68871	Smallest	Obs	57169
5%	-2.510633	-132.5898	Sum of Wgt.	57169
10%	-.6685252	Largest	Mean	.0821537
25%	-.0167598	33.51344	Std. Dev.	6.46805
50%	.276635		Variance	41.83567
75%	1		Skewness	-13.70706
90%	1.539947		Kurtosis	256.5631
95%	2.984003			
99%	1 0.38873			

Non-investment grade countries

Variable	Obs	Mean	Std. Dev.	Min	Max
HB_j	3743	.1655699	.066108	.0552749	.4599831
ln_Si_A	3140	-4.715801	1.380264	-7.590662	-.6619452
ln_W_j_tau_A	3197	-7.162118	1.051702	-9.149226	-4.754447
ln_Etau_ij	2843	12.06533	4.092184	5.925811	26.56531
Aj_A	3743	-.0053733	.0059587	-.0277745	-.0005053

Investment grade countries

Variable	Obs	Mean	Std. Dev.	Min	Max
HB_j	8347	.4301961	.2288571	.0805978	.9632046
ln_Si_A	7002	-4.704935	1.37814	-7.590662	-.6619452
ln_W_j_tau_A	6943	-4.964393	1.399754	-8.92076	-2.463775
ln_Etau_ij	6359	12.06276	4.119871	5.925811	26.56531
Aj_A	8347	-.0175634	.0155742	-.054359	-.0020091

Table 31 Summary statistics of investment and non-investment grade countries in the sample

Investment grade countries (no of obs)				**Non-investment grade countries (no of obs)**			
Australia	310	4.44	4.44	Argentina	310	9.82	9.82
Austria	310	4.44	8.87	Brazil	310	9.82	19.65
Belgium	310	4.44	13.31	Colombia	310	9.82	29.47

Canada	310	4.44	17.75	Greece	56	1.77	31.24
Chile	56	0.80	18.55	India	310	9.82	41.06
Denmark	310	4.44	22.99	Indonesia	310	9.82	5 0.89
Finland	310	4.44	27.43	Ireland	28	0.89	51.77
France	310	4.44	31.86	Malaysia	87	2.76	54.53
Germany	310	4.44	36.30	Mexico	310	9.82	64.35
Greece	254	3.64	39.94	Philippines	310	9.82	74.18
Ireland	282	4.04	43.97	Portugal	28	0.89	75.06
Italy	310	4.44	48.41	South Korea	29	0.92	75.98
Japan	310	4.44	52.85	South Africa	282	8.94	84.92
Malaysia	223	3.19	56.04	Thailand	310	9.82	94.74
Netherlands	310	4.44	6 0.48	Turkey	166	5.26	10 0.00
Norway	310	4.44	64.92				
Portugal	282	4.04	68.95				
South Korea	281	4.02	72.97				
Singapore	310	4.44	77.41				
South Africa	28	0.40	77.81				
Spain	310	4.44	82.25				
Sweden	310	4.44	86.69				
Switzerland	310	4.44	91.13				
United Kingdom	310	4.44	95.56				
United States	310	4.44	10 0.00				

D.3 Size-making

Table 32 Summary statistics of gravity variables for size-making estimation

Variable	Obs	Mean	Std. Dev.	Min	Max
X_ij_W_j	10309	.0078217	.072186	-3.526323	1.744732
ln_X_ij_W_j	9925	-7.379693	3.406512	-26.09699	.5566012
ln_Si_A	10392	-4.695677	1.414182	-7.590662	-.6619452
ln_W_j_tau_A	9522	-6.192807	2.616763	-11.55399	-1.40477
ln_tau_ij	8228	6.443826	3.578484	-1.029536	26.56528
rating_j	12168	17.31465	4.909503	0	21
rating_i	12168	16.7361	5.060162	0	21
invgr_i	12168	.7326594	.4425897	0	1
invgr_j	12168	.7693951	.4212373	0	1
invXrtg_i	12168	14.23173	8.820304	0	21
invXrtg_j	12168	15.14495	8.506489	0	21
invupgrade_i	12168	.0188199	.135894	0	1
invdowngra~i	12168	.0259698	.1590516	0	1
invupgrade_j	12168	.0191486	.1370528	0	1
invdowngra~j	12168	.0178337	.132352	0	1

E. Variable description

Variable	Source	Description
Piloting		
log(S_i)	L&MF (2007)	log of domestic stock market capitalization and private and public bond market capitalizations
log(A)	L&MF (2007)	log of world market capitalization
Home bias cutting		
log(Si/A)	L&MF (2007)	log of the domestic market share in the world
$\log(\sum_k W_k/\text{tau}_{ik} * A)$	L&MF (2007), CPIS	log of average multilateral financial frictions (Okawa & van Wincoop 2012)
$\log(\sum_i \text{tau_ij})$	CPIS	log of the sum of bilateral frictions (Okawa & van Wincoop 2012)
log(1-A_j/A)	L&MF (2007)	log of total foreign market capitalization
Size-making		
log(Si/A)	Own computation	log of the domestic market share in the world
$\log(\sum_k W_k/\text{tau}_{ik} * A)$	Own computation	log of average multilateral financial frictions (Okawa & van Wincoop 2012)
log(tau_ij)	Own computation	log of bilateral frictions (Okawa & van Wincoop 2012)
Rating variables		
rtg_stage	Moody's, S&P	0 not rated, 1 non-investment grade, 2 inv' grade
rtg_1st_i	Moody's, S&P	1 in the first year of being rated by either S&P or Moody's
invgrade_i	Moody's, S&P	1 if host country rating is 14 or better (BBB/Baa)
invggrade_j	Moody's, S&P	1 if home country rating is 14 or better (BBB/Baa)
rtgdiff_ij	Moody's, S&P	Average difference between home and host country
inv_iXrtgdiff	Moody's, S&P	ratings (in notches) weighted by the share of to-
inv_jXrtgdiff	Moody's, S&P	tal investment. Interacted with invgrade_i,
inv_ijjXrtgdiff	Moody's, S&P	invgrade_j and both.
invXrtg_1st	Moody's, S&P	1 in the first year of being rated by either S&P or Moody's and first rating is investment grade
L*_rtg_1st_i	Moody's, S&P	lagged value of rtg_1st_i
rating_i	Moody's, S&P	Rating of host country (20-notch scale, AAA/Aaa=21)
rating_j	Moody's, S&P	Rating of home country (20-notch scale, AAA/Aaa=21)
invXrtg_i	Moody's, S&P	Rating of host country if investment grade
invXrtg_j	Moody's, S&P	Rating of home country if investment grade
invupgrade_i	Moody's, S&P	1 if rating upgraded to investment grade in this
invupgrade_j	Moody's, S&P	year or past year
invdowngrade_i	Moody's, S&P	1 if rating downgraded from investment grade in this
invdowngrade_j	Moody's, S&P	year or past year
Gravity variables		
kaopen_i	Chinn & Ito	Capital account openness index of host country
kaopen_j	(2007)	Capital account openness index of home country
log(trade)	Rose (2004)	log of bilateral trade (in 1999)
log(distance)	Rose (2004)	log of geographic distance (capitals)
comlang	Rose (2004)	1 if countries share an official language
border	Rose (2004)	1 if countries have a common border
colonial	Rose (2004)	1 if colonial ties between the countries exist
trade_agr	Rose (2004)	1 if countries are in a regional trade agreement

F. Ad-hoc gravity Cameron robust OLS estimations

A.3 Size-making

Table 33 Clustered OLS results of size-making using the Cameron (2011) estimator (2001-2011)

Variable	X_ij_W_j (1)	X_ij_W_j (2)	X_ij_W_j (3)	X_ij_W_j (4)	X_ij_W_j (5)
log(Si/A)	0.3792***	0.3854***	0.3900***	0.3082***	0.3172***
log(W_k/tau_ik*A)	-0.3090***	-0.3309***	-0.3161***	-0.2194***	-0.2304***
log(tau_ij)	-1.0053***	-0.9840***	-0.9854***	-0.9953***	-0.9905***
rating_i		-0.0030			-0.0188***
rating_j		0.0301			0.0368
invXrtg_i		0.0208***			0.0140***
invXrtg_j		-0.0026			-0.0002
kaopen_i			0.0767***		0.0094
kaopen_j			0.0834***		0.0123
log(trade)				-0.0508	-0.0732
log(distance)				-0.0116	0.0049
comlang				0.0591	0.0786
border				0.0801	0.1699
colonial				(omitted)	(omitted)
trade_agr				-0.0025	0.0369*
Constant	-0.5505***	-1.5533***	-0.9338***	0.5375	0.0479
N	7915	7915	7915	3945	3945
r2	0.9771	0.9790	0.9783	0.9842	0.9853
Fixed effects	Yes	Yes	Yes	Yes	

Robust standard errors, fixed effects not reported
*** p< 0.01, ** p< 0.05, * p< 0.1

Source: own computation; IMF CPIS, Lane and Milesi-Ferretti (2007), World Bank (2013), S&P, Moody's. Standard errors are robust using the estimation technique developed by Cameron et al. (2011)*. The dummy for common colonial is dropped due to lack of observations.*

Table 34 Clustered OLS results of size-making using the Cameron (2011) estimator (2001-2007)

Variable	X_ij_W_j (1)	X_ij_W_j (2)	X_ij_W_j (3)	X_ij_W_j (4)	X_ij_W_j (5)
log(Si/A)	0.4038***	0.4083***	0.4174***	0.3445***	0.3469***
log(W_k/tau_ik*A)	-0.3235***	-0.3526***	-0.3469***	-0.2441***	-0.2564***
log(tau_ij)	-1.0069***	-0.9850***	-0.9845***	-0.9973***	-0.9918***
rating_i		0.0160**			-0.0036
rating_j		0.0270			0.0404
invXrtg_i		0.0124***			0.0040***
invXrtg_j		-0.0036			-0.0063
kaopen_i			0.1229***		0.0308*
kaopen_j			0.0739***		0.0229
log(trade)				-0.0508	-0.0684*
log(distance)				-0.0323	-0.0058
comlang				0.0620	0.0904
border				0.0974	0.1827
colonial				(omitted)	(omitted)
trade_agr				-0.0113	0.0271
Constant	-0.5173***	-1.7201***	-1.0678***	0.7257	-0.1002
N	5043	5043	5043	2512	2512
r2	0.9800	0.9817	0.9814	0.9849	0.9858
Fixed effects	Yes	Yes	Yes	Yes	Yes

Robust standard errors, fixed effects not reported
*** p< 0.01, ** p< 0.05, * p< 0.1

Table 35 Clustered OLS results of size-making using the Cameron (2011) estimator (2008-2011)

Variable	X_ij_W_j (1)	X_ij_W_j (2)	X_ij_W_j (3)	X_ij_W_j (4)	X_ij_W_j (5)
log(Si/A)	0.3271***	0.3450***	0.3332***	0.2278***	0.2790***
log(W_k/tau_ik*A)	-0.2794***	-0.2878***	-0.2616***	-0.1681***	-0.1863***
log(tau_ij)	-1.0031***	-0.9851***	-0.9873***	-0.9972***	-0.9944***
rating_i		-0.0413***			-0.0568***
rating_j		0.0388			0.0243
invXrtg_i		0.0356***			0.0302***
invXrtg_j		-0.0025			0.0082
kaopen_i			0.0092		0.0170
kaopen_j			0.1007**		0.0253
log(trade)				-0.0540	-0.0878
log(distance)				0.0308	0.0257
comlang				0.0443	0.0474
border				0.0294	0.1357
colonial				(omitted)	(omitted)
trade_agr				0.0139	0.0487*
Constant	-0.7037***	-1.2718***	-0.8543***	0.2415	0.6853
N	2872	2872	2872	1433	1433
r2	0.9731	0.9758	0.9744	0.9839	0.9855
Fixed effects	Yes	Yes	Yes	Yes	Yes

Robust standard errors, fixed effects not reported
*** p< 0.01, ** p< 0.05, * p< 0.1