



**University of
Zurich^{UZH}**

Drivers of Emerging Market Sovereign Bond Spreads

Master's Thesis
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Abstract

This study aims to develop a panel error-correction model examining the link between monthly emerging market US dollar denominated sovereign bond spreads and a set of monthly global and country-specific variables. I follow the idea of González-Rozada and Yeyati (2008) and extend the number of country-specific variables by applying a set of self compiled indicators. This is the innovation of this work. With the inclusion of these indicators, my model explains more of the spread variation, whereby the magnitude depends on the indicator and the examined period.