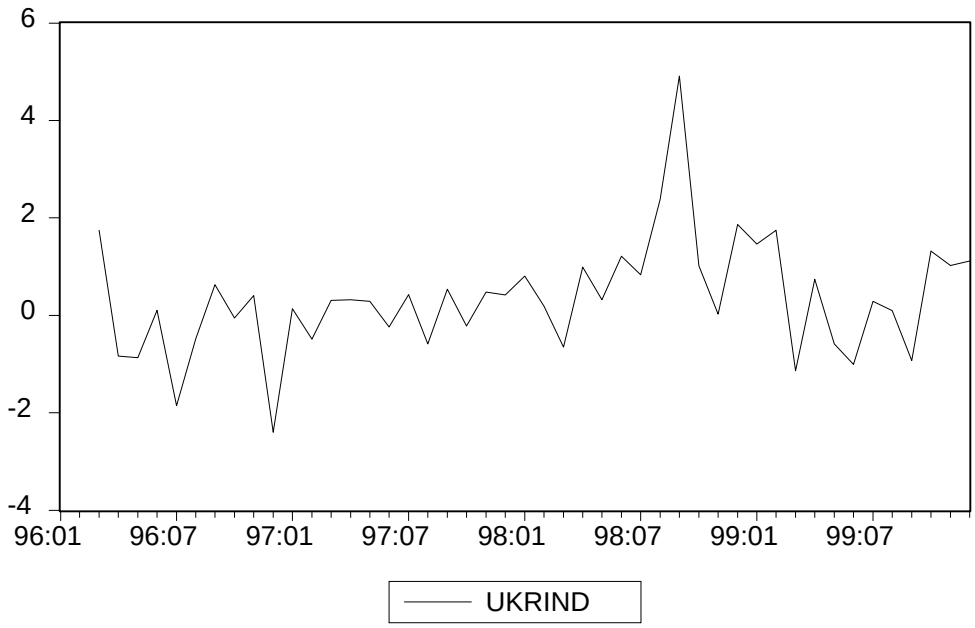
Appendix.

Fig. 1. Behavior of Ukraine's and Russia's indices of speculative pressure over time.



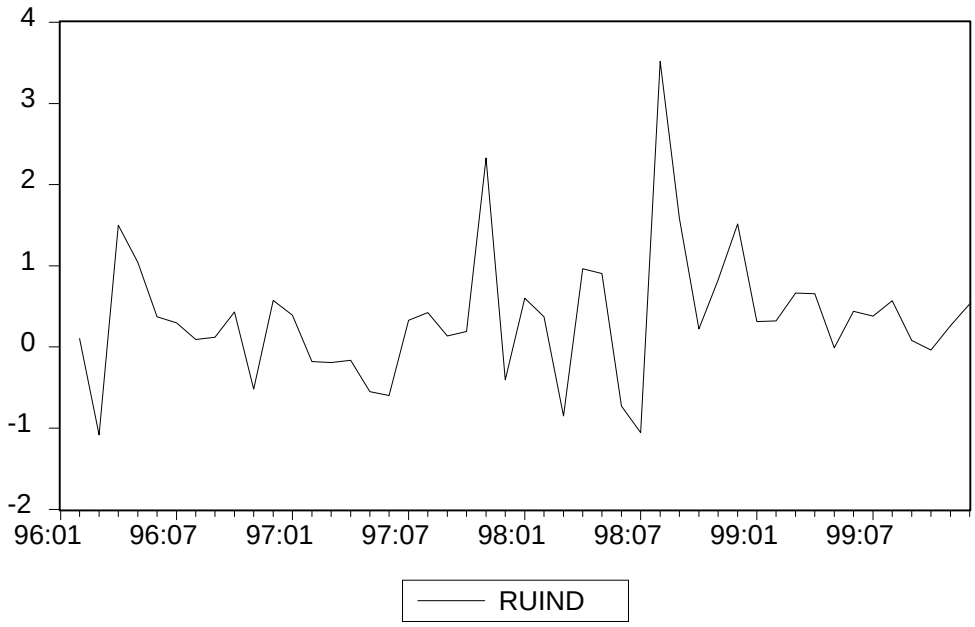


Table 1. **Results of regression.**

LS // Dependent Variable is UKRIND
Sample(adjusted): 1996:03 1999:09
Included observations: 43 after adjusting endpoints

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.35	1.2119	-0.289	0.7744
RUIND	0.2969	0.2207	1.3451	0.187
BUDGET	0.0534	0.0561	0.9527	0.3471
CA	-0.096	0.0553	-1.745	0.0895
CPIINFL	0.1596	0.1324	1.2058	0.2358
FORDEBT	0.0172	0.0411	0.4197	0.6772
GRRGDP	-0.281	1.6885	-0.166	0.8688

R-squared	0.226109	Mean dependent var	0.287038
Adjusted R-squared	0.097127	S.D. dependent var	1.203358
S.E. of regression	1.143426	Akaike info criterion	0.415958
Sum squared resid	47.06724	Schwarz criterion	0.702665
Log likelihood	-62.9575	F-statistic	1.753029
Durbin-Watson stat	1.746179	Prob(F-statistic)	0.136932

Where UKRIND, RUIND – indices of speculative pressure for Ukraine and Russia respectively,
BUDGET – fiscal balance of Ukraine as per cent of GDP,
GRRGDP – growth rate of real GDP in Ukraine,
CPIINFL – CPI inflation in Ukraine,
CA – current account as percent of GDP in Ukraine.

Table 2. **Results of Pairwise Granger Causality test of Ukraine's and Russia's Stock Market Returns.**

Sample: 1/02/1998 1/15/1999

Lags: 2

Null Hypothesis:	Obs.	F-Statistic	Probability
RETURN_UKR does not Granger Cause RETURN_RUS	**53**	**2.60530**	**0.08430**
RETURN_RUS does not Granger Cause RETURN_UKR		**10.9435**	**0.00012**

Table 3. **Pairwise Granger Causality Tests of First Differences of Sovereign Spreads for Ukraine's and Russia's eurobonds.**

Sample: 7/02/1998 10/30/1998

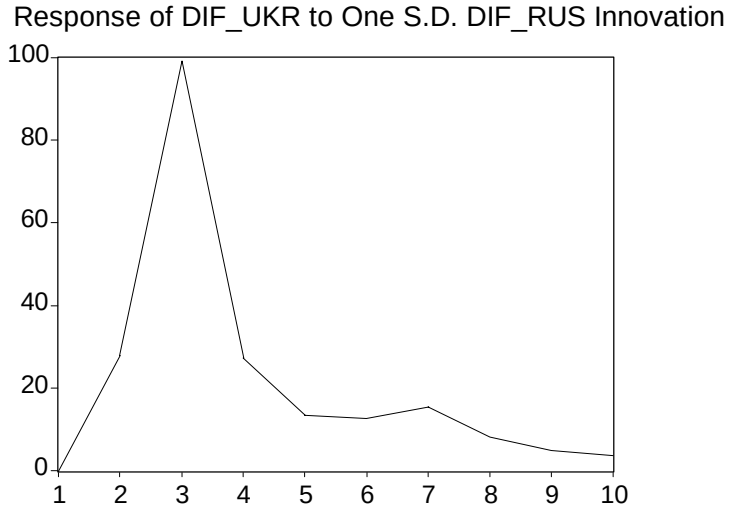
Lags: 3

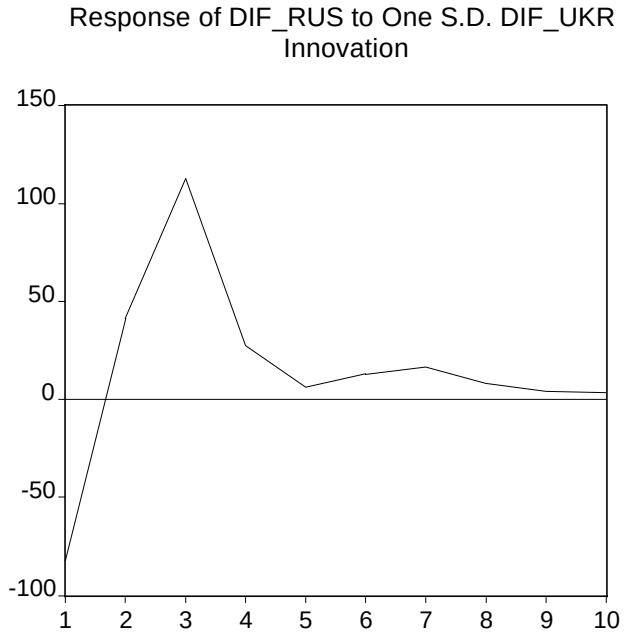
Null Hypothesis:	Obs	F-Statistic	Probability
DIF_UKR does not Granger Cause DIF_RUS	**84**	**4.80287**	**0.00405**
DIF_RUS does not Granger Cause DIF_UKR		**4.01743**	**0.01036**

Table 4. **Test for increase in stock returns and sovereign spreads correlation.**

Correlations	Tranquil	Crisis
Stock returns	0.35	0.22
Sovereign spreads (first differences)	-0.15	-0.08

Fig.2. **Eurobonds market VAR analysis.**





DIF_UKR and DIF_RUS are the first differences of sovereign spreads of Ukraine's and Russia's eurobonds respectively.