APPENDIX to
The Time-Varying Systematic Risk of Carry Trade Strategies*

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January 13, 2010

*The views expressed herein are those of the authors and not necessarily those of the Swiss National Bank (SNB). SNB does not accept any responsibility for the contents and opinions expressed in this paper. Christiansen acknowledges support from CREATES funded by the Danish National Research Foundation and from the Danish Social Science Research Foundation.

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1 Additional Tables and Figures

In this appendix we show some further tables and figures from the paper "The Time-Varying Systematic Risk of Carry Trade Strategies by Christiansen, Ranaldo, and Söderlind.

1.1 Figure: Carry Trade Strategy Weights

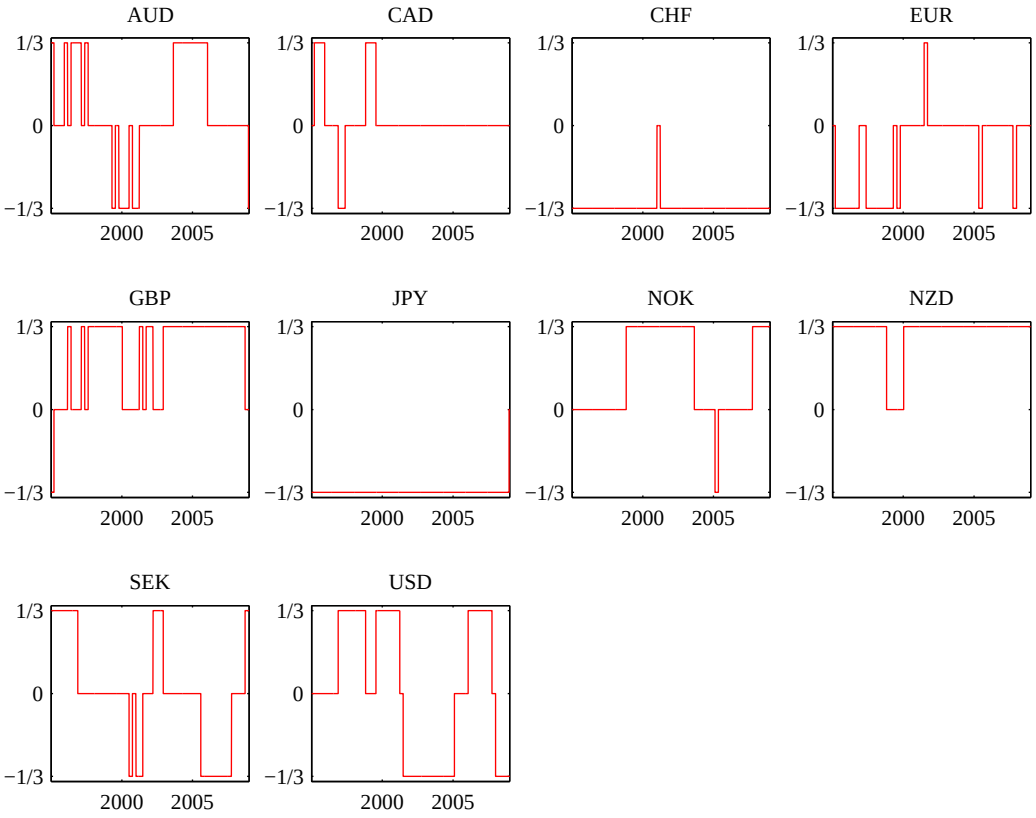

Figure 1: **Carry Trade Strategy Weights**

1.2 Table: Descriptive Statistics

	mean	mean/year	std	skewness	exkurtosis	min	max	nObs
AUD	−0.01	−1.33	0.78	−1.28	19.47	−9.22	6.50	3652.00
CAD	0.00	0.52	0.49	0.07	10.67	−4.43	4.93	3652.00
CHF	−0.01	−1.71	0.67	0.27	3.06	−4.55	5.30	3652.00
EUR	−0.00	−0.56	0.61	0.12	2.46	−3.91	3.96	3652.00
GBP	0.00	0.22	0.53	−0.13	4.23	−3.79	4.39	3652.00
JPY	−0.01	−3.72	0.70	0.61	5.05	−3.65	6.35	3652.00
NOK	0.00	0.21	0.67	−0.13	5.63	−4.90	5.34	3652.00
NZD	0.01	1.38	0.77	−0.61	7.37	−6.85	5.69	3652.00
SEK	−0.00	−0.99	0.65	0.23	4.37	−3.50	5.40	3652.00
CT	0.02	4.64	0.52	−0.90	11.12	−5.35	4.29	3652.00
SP	0.03	6.64	1.27	0.20	12.32	−9.88	14.11	3652.00
TN	0.01	2.57	0.39	−0.47	3.28	−2.82	1.76	3652.00
FXV	0.00	0.00	1.00	2.87	14.85	−1.80	8.16	3566.00

Table 1: **Descriptive Statistics, 1995–2008.** This table shows descriptive statistics for the excess returns on 9 individual currencies (relative to the USD), the curry trade strategy (CT), the SP500 (SP), the 10-year Treasury bonds (TN), as well as for the FX volatility (FXV). All returns are in percentages.

1.3 Table: Longer Sample Period

	CT on 7 currencies 1976–2008
γ	[2.50]
c	1.84**
Low regime	
SP	0.02**
SP_{t-1}	0.02**
TN	0.02**
TN_{t-1}	0.02**
z_{t-1}	0.08**
α	0.00**
High regime	
SP	0.18**
SP_{t-1}	0.21**
TN	0.02
TN_{t-1}	−0.02
z_{t-1}	−0.12*
α	−0.00**
R^2	0.06
nObs	8348.00
High–Low regime	
SP	0.16**
SP_{t-1}	0.18**
TN	−0.00
TN_{t-1}	−0.05
z_{t-1}	−0.20**
α	−0.00**

Table 2: **Parameter Estimates from the Smooth Transition Regression, Using FXV_{t-1} as Regime Variable, 1976–2008.** The table shows the parameter estimates arising from estimating the logistic smooth transition regression model on carry trade excess returns. Based upon Newey and West (1987) standard errors, $*/**$ indicate that the parameter is significantly different from zero at 10%/5% level of significance.

1.4 Table: Effects of Order Flow upon JPY/USD

	Standard specification	With Order flow
γ	[2.5]	[2.5]
c	1.01^{**}	0.91^{**}
Low regime		
SP	-0.03^{**}	-0.02
SP_{t-1}	0.01	0.01
TN	0.11^{**}	0.08^{**}
TN_{t-1}	0.21^{**}	0.20^{**}
Order flow		0.06^{**}
z_{t-1}	-0.01	-0.00
α	-0.00^{**}	0.00^{**}
High regime		
SP	-0.13^{**}	-0.11^{**}
SP_{t-1}	-0.11^{**}	-0.10^{**}
TN	0.25	0.15
TN_{t-1}	0.11	0.11
Order flow		0.07
z_{t-1}	0.03	0.02
α	0.00	-0.00^{*}
R^2	0.06	0.09
nObs	3130.00	3130.00
High–Low regime		
SP	-0.11^{**}	-0.09^{**}
SP_{t-1}	-0.11^{**}	-0.11^{**}
TN	0.14	0.06
TN_{t-1}	-0.10	-0.09
Order flow		0.01
z_{t-1}	0.04	0.02
α	0.00	-0.00

Table 3: **Parameter Estimates from the smooth Transition Regression, JPY/USD Exchange Rate, 1997–2008, Using FXV_{t-1} as Regime Variable.** The table shows the parameter estimates arising from estimating the logistic smooth transition regression model. Based upon Newey and West (1987) standard errors, $*/**$ indicate that the parameter is significantly different from zero at 10%/5% level of significance.