

Table 6
Capital Controls in Argentina - 2000-2007

The top panel shows summary statistics of the cross-market premium of Argentina over the period 2000-2007. The summary statistics are based on the simple average of the premium of BBVA Banco Frances, IRSA Inversiones y Representaciones, Petrobras Energia, Telecom Argentina and Transportadora de Gas del Sur. Statistics are based only on the days on which both the underlying stock and the DR were traded. The bottom panel shows the average AR and TAR estimates for the 5 stocks in the portfolio comparing the no control period with the control on inflows and the control on outflows period. The sample period ends June 2007 (instead of June 2004 as is the case in the previous tables). "Thres-Up" refers to the upper threshold estimated by the TAR model and "Thres-Low" refers to the lower threshold. In the no control period, both thresholds are assumed to be the same. In the control period, the threshold that should not be affected by the controls (the floor in the case of controls on outflows and the ceiling in the case of controls on inflows) is set equal to the value estimated in the no control period. Thresholds are expressed in percentage terms. Half-life of TAR model implies the half-life of a shock when outside the band of no-arbitrage. Half-lives are equal to $\ln(0.5)/\ln(1-\beta)$. Both AR and TAR models are corrected for heteroskedasticity and serial correlation.

Summary Statistics

| Country | Mean | Median | Std. Dev. | 5th Pctile | 95th Pctile | Obs. |
|------------------|-------|--------|-----------|------------|-------------|------|
| No Control | 0.32 | 0.25 | 0.89 | -1.08 | 1.91 | 957 |
| Control Outflows | 5.97 | 4.68 | 6.22 | -0.85 | 18.43 | 342 |
| Control Inflows | -0.62 | -0.61 | 0.91 | -2.12 | 0.93 | 497 |

AR and TAR Results

| Period | AR | TAR | TAR | TAR |
|------------------|----------------------|---------------------|----------------------|----------------------|
| | Average Half-Life | Average Thres-Up | Average Thres-Low | Average Half-Life |
| No Control | 0.87 | 0.33 | -0.33 | 0.75 |
| Control Outflows | 4.09 | 11.42 | -0.33 | 2.10 |
| Control Inflows | 2.04 | 0.33 | -0.72 | 2.07 |