

[Databases selected:](#) ABI/INFORM Global

How Sovereign Is Sovereign Credit Risk?

Francis A Longstaff, Jun Pan, Lasse H Pedersen, Kenneth J Singleton. *American Economic Journal. Macroeconomics*. Pittsburgh: Apr 2011. Vol. 3, Iss. 2; pg. 75, 29 pgs

Abstract (Summary)

We study the nature of sovereign credit risk using an extensive set of sovereign CDS data. We find that the majority of sovereign credit risk can be linked to global factors. A single principal component accounts for 64 percent of the variation in sovereign credit spreads. Furthermore, sovereign credit spreads are more related to the US stock and high-yield markets than they are to local economic measures. We decompose credit spreads into their risk premium and default risk components. On average, the risk premium represents about a third of the credit spread. (JEL F34, G15, O16, O19, P34) [PUBLICATION ABSTRACT]

Indexing (document details)

Subjects:	Studies, Macroeconomics, Sovereign debt, Credit risk
Classification Codes	9130, 1130
Author(s):	Francis A Longstaff, Jun Pan, Lasse H Pedersen, Kenneth J Singleton
Document types:	Feature
Document features:	References, Tables
Section:	Articles
Publication title:	American Economic Journal. Macroeconomics. Pittsburgh: Apr 2011. Vol. 3, Iss. 2; pg. 75, 29 pgs
Source type:	Periodical
ISSN:	19457707
ProQuest document ID:	2376103041
Text Word Count	14032
DOI:	10.1257/mac.3.2.75
Document URL:	http://avoserv.library.fordham.edu/login?url=http://proquest.umi.com/pqdweb?did=2376103041&sid=1&Fmt=2&clientId=9148&RQT=309&VName=PQD

Copyright © 2011 ProQuest LLC. All rights reserved.

