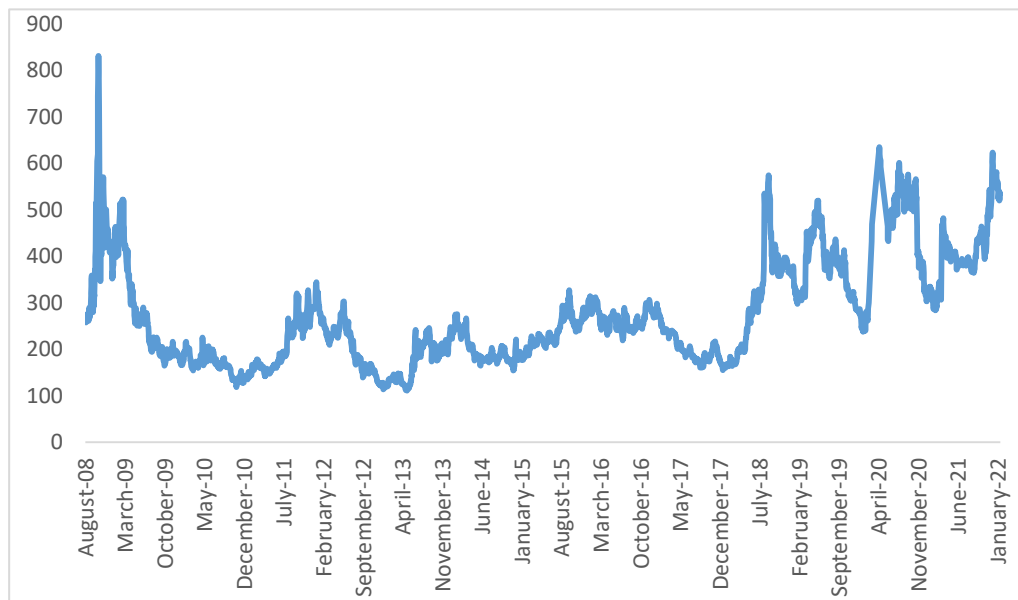


# 9 THE ROLE OF MACROECONOMIC AND MARKET INDICATORS IN EXPLAINING SOVEREIGN CREDIT DEFAULT SWAPS (CDS) SPREAD CHANGES: EVIDENCE FROM TÜRKİYE

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## Appendix

### Appendix 1. The Progress of the Sovereign CDS Spreads of Türkiye



Source: Bloomberg, 2022.

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**Appendix 2. All MARS Models**

<b>BF</b>	<b>Effective Indicators</b>	<b>GCV</b>	<b>GCV R<sup>2</sup></b>	<b>BF</b>	<b>Effective Indicators</b>	<b>GCV</b>	<b>GCV R<sup>2</sup></b>
51	10	9,256.87	0.32	25	9	732.53	0.95
50	10	6,016.84	0.56	24	9	756.87	0.94
49	10	4,232.06	0.69	23	9	719.23	0.95
48	10	3,151.58	0.77	22	9	714.97	0.95
47	10	2,474.95	0.82	21	8	729.88	0.95
46	10	2,002.40	0.85	20	8	724.82	0.95
45	10	1,659.48	0.88	19	7	745.50	0.95
44	10	1,393.51	0.90	18	7	783.36	0.94
43	10	1,219.51	0.91	17	7	820.68	0.94
42	10	1,086.25	0.92	16	7	921.77	0.93
41	10	984.78	0.93	15	6	1,122.54	0.92
40	10	922.55	0.93	14	6	1,382.61	0.90
39	10	852.57	0.94	13	6	1,519.35	0.89
38	10	813.61	0.94	12	6	1,529.78	0.89
37	10	796.83	0.94	11	5	1,705.55	0.87
36	10	775.82	0.94	10	5	1,987.45	0.85
35	10	740.63	0.95	9	5	2,006.62	0.85
34	10	706.99	0.95	8	5	2,027.27	0.85
33	10	708.65	0.95	7	5	1,990.92	0.85
32	10	723.45	0.95	6	5	1,989.29	0.85
**31	10	705.66	0.95	5	4	2,117.50	0.84
30	10	718.22	0.95	4	4	2,540.99	0.81
29	10	723.26	0.95	3	4	2,777.42	0.80
28	9	717.92	0.95	2	3	3,275.83	0.76
27	9	726.04	0.95	1	1	6,198.35	0.54
26	9	720.95	0.95				

\*\* denotes best MARS model according to the GCV and R<sup>2</sup> values.

Appendix 3. The Details of the Best Model (BF 31)

Basis Functions	Details	Coefficient	Parent
	Constant	133.797	-
2	max (0, 6.831 - USD/TRY)	-	-
3	max (0, NPL - 68.043)	-	-
4	max (0, 68.043 - NPL)	18.382	-
5	max (0, DPST - 15.095) * BF3	-	NPL
6	max (0, 15.095 - DPST) * BF3	0.642	NPL
7	max (0, NPL - 123.798) * BF2	-17.561	USD/TRY
8	max (0, 123.798 - NPL) * BF2	-0.97	USD/TRY
9	max (0, THVL - 9.610)	29.761	-
10	max (0, 9.610 - THVL)	-18.474	-
11	max (0, DPST - 10.250)	90.117	-
12	max (0, 10.250 - DPST)	-	-
13	max (0, DPST - 11.017) * BF4	-11.115	NPL
14	max (0, 11.017 - DPST) * BF4	-3.831	NPL
15	max (0, UNEMP - 12.200) * BF8	-3.31	NPL
18	max (0, 102.733 - RSRV)	23.425	-
19	max (0, USD/TRY - 4.637) * BF18	-4.49	RSRV
20	max (0, 4.637 - USD/TRY) * BF18	-7.241	RSRV
21	max (0, THVL - 18.050) * BF5	-0.176	DPST
22	max (0, 18.050 - THVL) * BF5	-0.064	DPST
23	max (0, UNEMP - 13.400) * BF8	12.02	NPL
25	max (0, CPI - 10.128) * BF12	-32.756	DPST
26	max (0, 10.128 - CPI) * BF12	-	DPST
27	max (0, USD/TRY - 3.073) * BF4	-10.939	NPL
28	max (0, 3.073 - USD/TRY) * BF4	-3.647	NPL
30	max (0, - 0.089 - CA) * BF19	-0.428	USD/TRY
31	max (0, NPL - 39.862) * BF2	2.972	USD/TRY
33	max (0, DPST - 20.542) * BF31	0.737	NPL
38	max (0, 8.500 - UNEMP) * BF26	83.358	CPI
39	max (0, DPST - 11.776)	-100.853	-
41	max (0, CPI - 10.346)	4.393	-
43	max (0, CRD - 13.688) * BF26	-22.23	CPI
45	max (0, IPI - 56.844)	-0.624	-
47	max (0, 95.213 - RSRV) * BF9	-1.645	THVL
53	max (0, 7.521 - USD/TRY) * BF11	-16.731	DPST
55	max (0, 17.993 - CRD) * BF11	-9.127	DPST
57	max (0, 10.814 - DPST) * BF8	0.332	NPL