**Notes:**

**Zeyyad Mandalinci & Haroon Mumtaz, 2015. "Global Economic Divergence and Portfolio Capital Flows to Emerging Markets," Working Papers 757, Queen Mary University of London, School of Economics and Finance**.

- Attached Zip file contains the data and the MATLAB codes to estimate the model specified in the Mandalinci & Mumtaz (2015).

- “Divergence.mat” is the MATLAB data file containing the necessary dataset and other variables for specification:

* cf: Capital Flows Data
* x: Data for factor Extraction. It is a cell array. First level is for variables (eg: x{1,1}: Output, x{1,2}: Interest Rates). Second level is for different hierarchical levels (eg: x{1,1}{1,1}: Output in Region 1, x{1,1}{1,2}: Output in Region 2)
* nx: Cell Array, containing number of variables in each hierarchical level for each variables (eg: nx{1,1}{1,1}: Number of cross-sections for Output in Region 1)
* z: Data on known CF drivers
* kc: Number of factors to be extract from CFs Data
* L: Lag Length
* reps: Total # of gibbs replications
* burn: # of initial gibbs replications to discard
* yearlab: Date labels
* shock\_no: Shock variable for IRFs
* horz: # of Horizons for IRFs and FEVDs
* ordering: Ordering of factors for SVAR identification

- “Divergence.m” is the MATLAB function that loads the dataset and estimates model.