

The Effects of Currency Crises in Emerging Markets on the Industrial Sector: An Alternative Regime-Shifting Approach*

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Hakan Yilmazkuday[†]

Vanderbilt University

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Abstract

We analyze the effects of the currency crises on the industrial sectors of Korea, Turkey and Czech Republic. We find that the interval for the effect of the currency crisis on the industrial sector to disappear is around four years for Korea after the 1997 currency crisis; it is around five and seven years for Turkey following the 1994 and 2001 currency crises, respectively; and it is around five years for Czech Republic following the 1997 currency crisis. For all three countries, the effects of the currency crises on the industrial sector disappear in a longer interval than the effect of any other economic issue does.

JEL Classification: E32, E44, F31

Key Words: Currency Crisis; Regime-Shifts; Industrial Production Cycles; Turkey; Korea; Czech Republic.

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[†] Department of Economics, Vanderbilt University, Nashville, TN, 37235, USA; Tel: +1-615-343-2472; Fax: +1-615-343-8495; E-mail: hakan.yilmazkuday@vanderbilt.edu