

Figure 2. Regime probabilities of the MS-VAR model

Table 3. Cross-correlations of the smoothed probabilities^a

Regime 1						
	EA	CZ	LN	HU	LV	PL
EA	1.00	0.99**	0.60**	0.81**	0.35**	0.21*
Regime 2						
	EA	CZ	LN	HU	LV	PL
EA	1.00	-0.17	-0.02	0.18*	-0.12	0.39**
Regime 3						
	EA	CZ	LN	HU	LV	PL
EA	1.00	-0.21*	0.60**	0.14	0.16	-0.87**

^a The significance level of the correlations is computed by using Fisher's z-test (Hardle and Simar, 2012). Let ρ denote the correlation coefficient, the test is $z = \left\{ (1/2) \ln \left[(1 + \rho) / (1 - \rho) \right] \right\} / \sqrt{1 / (T - 3)}$. Critical values are from a normal distribution with $(T-3)$ d.o.f., with T being the number of observations. *5%, **1%.

Table 4. Test of synchronization

	Coefficient $\hat{\rho}_s$	<i>T</i> -statistic
Czech Republic	0.657	[2.260]
Lithuania	0.578	[2.097]
Hungary	0.567	[2.093]
Latvia	0.600	[2.263]
Poland	0.120	[1.219]

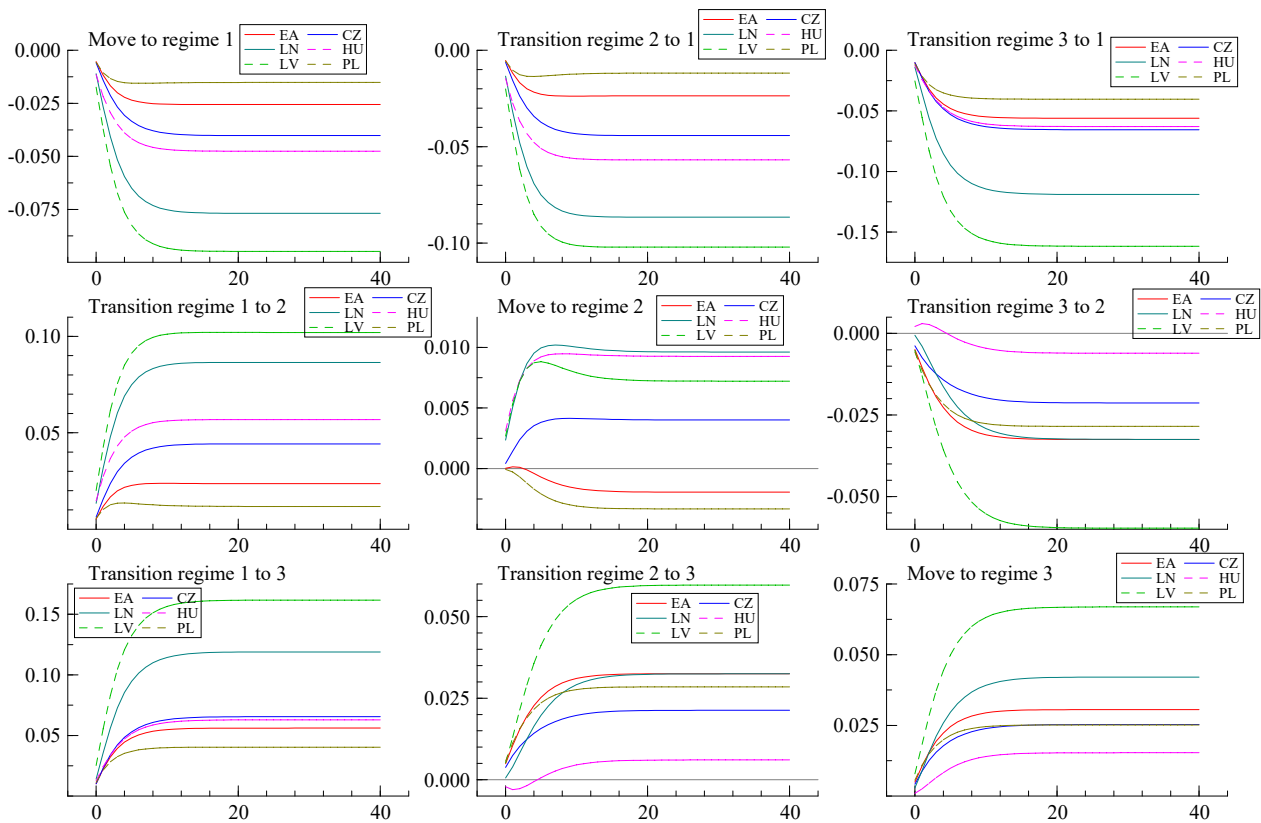


Figure 3. Impulses responses to EA shocks