Table: Volatility, Returns and GDP Growth

Estimation Dependent variable:	(1) OLS GDP Grth (Qrterly)	(2) OLS GDP Grth (Yearly)	(3) OLS GDP Grth (Yearly)	(4) IV GDP Grth (Qrterly)	(5) IV GDP Grth (Yearly)	(6) IV GDP Grth (Yearly)	(7) IV GDP Grth (Yearly)
Volatility of stock returns, past quarter	-0.003** (0.001)			-0.031*** (0.010)			
Level of stock returns, past quarter	0.014** (0.005)			0.120*** (0.032)			
Volatility of stock returns, past year		-0.011*** (0.003)	-0.006** (0.003)		-0.104*** (0.035)	-0.113*** (0.038)	
Level of stock returns, past year		0.110*** (0.018)	0.098*** (0.020)		0.383** (0.170)	0.360** (0.164)	
Skewness of stock returns, past year						-0.042 (0.126)	-0.175 (0.243)
Kurtosis of stock returns, past year						-0.049 (0.103)	-0.153 (0.158)
IV 1st stage				Vol. (of Stock Returns)			Skew
Natural Disasters, over past year				0.101 (0.054)	0.121 (0.049)	0.121 (0.049)	0.042 (0.025)
Political Shocks, over past year				0.239** (0.097)	0.370** (0.168)	0.370** (0.168)	0.064 (0.055)
Revolutions, over past year				1.24*** (0.175)	2.86*** (0.184)	2.86*** (0.184)	0.171* (0.097)
Terrorist attacks, over past year				-0.006 (0.029)	0.021 (0.055)	0.021 (0.055)	0.082 (0.048)
Instrument F-test				16.75	66.61	66.61	2.06
IV 1st stage				Level (of Stock Returns)			Kurtosis
Natural Disasters, over past year				0.011 (0.015)	0.017 (0.010)	0.017 (0.010)	-0.067 (0.096)
Political Shocks, over past year				0.060*** (0.010)	0.080*** (0.027)	0.080*** (0.027)	0.090 (0.168)
Revolutions, over past year				-0.529*** (0.040)	-0.611*** (0.048)	-0.611*** (0.048)	0.415** (0.167)
Terrorist attacks, over past year				-0.008 (0.009)	-0.004 (0.007)	-0.004 (0.007)	-0.061 (0.100)
Instrument F-test				48.91	41.84	41.84	1.88
Sargan p-value				0.844	0.538		0.495
Observations	5204	6183	6183	5163	6183	6183	6185
Yr-Qtr dummies	Yes	No	Yes	Yes	Yes	Yes	Yes

Notes: * significant at 10%; ** significant at 5%; *** significant at 1%. Data is quarterly by country from 1970 until 2011. Columns (1) to (3) estimated by OS and (4) to (7) by instrumental variables. Instruments are scaled by the increase in media mentions of the country in the 5-days after the shock compared to the 5-days before the shock. Sargan test is the over-identification test of instrument validity. All columns include a full set of 59 country dummies and from column (3) onwards a full set of 164 year by quarter dummies. For parsimony the first stage for Skewness of stock returns has not been shown (the F-test was 2.71). Volatility is in logs.