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**This do file is the Regression for the Master thesis by Annette Lucia Lyche & Therese Solberg
**"Home bias in international equity and debt holdings: A study of cross-border portfolio allocation"

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************* PART A: PREPARING THE DATA******************
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** 1.1: Preparing the data
		describe
		drop if Country == DW_Countries

		*Preparing the data for panel regression
		egen New_panelid=group(Country DW_Countries)
		xtset New_panelid Date

		*Creating lagged variables
		bysort New_panelid (Date):g LDB = DB[_n-1]
		bysort New_panelid (Date):g LDBE = DBE[_n-1]
		bysort New_panelid (Date):g LDBD = DBD[_n-1]

		bysort New_panelid (Date):g LDW = DW[_n-1]
		bysort New_panelid (Date):g LDWE = DWE[_n-1]
		bysort New_panelid (Date):g LDWD = DWD[_n-1]

		bysort New_panelid (Date):g LTP = Port_Total[_n-1]
		bysort New_panelid (Date):g LDP = Port_Debt[_n-1]
		bysort New_panelid (Date):g LEP = Port_Equity[_n-1]



		*Create dummy variables
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generate EMUa = 0
replace EMUa = 1 if EMUout=="EMU"

generate EMUb = 0
replace EMUb = 1 if EMUin=="EMU"

*Create interaction variable
gen EMUc = EMUa * EMUb
gen DBemu = LDB * EMUc
gen DWemu = LDW * EMUc

gen DBEemu = LDBE * EMUc
gen DBDemu = LDBD * EMUc

gen DWEemu = LDWE * EMUc
gen DWDemu = LDWD * EMUc

*Drop 2002 as a year from the regression
keep if Date >= 2003

*Rename the variables

*Portfolio returns
rename Port_Total TP
rename Port_Equity EP
rename Port_Debt DP

*Group
rename New_panelid Panel
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************* PART B: The regression**********************

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*1 - Reg on Portfolio for TOTAL holdings

corr PW TP LTP ED FD EO FOA RW EMUa EMUb EMUc DBemu DWemu LDB LDW DB DW

xtsum PW TP LTP ED FD EO FOA RW EMUa EMUb EMUc DBemu DWemu LDB LDW

*Regression A

regress PW TP LTP ED FD EO FOA RW EMUa EMUb EMUc DBemu DWemu LDB LDW

*Regression B

regress PW TP LTP ED FD EO FOA RW EMUa EMUb EMUc DBemu DWemu LDB LDW i.Date

*2 - Reg on the Debt portfolio for DEBT holdings

corr PWD DP LDP ED FDD EO FOD RWD EMUa EMUb EMUc DBDemu DWDemu LDBD LDWD DWD DBD

xtsum PWD DP LDP ED FDD EO FOD RWD EMUa EMUb EMUc DBDemu DWDemu LDBD LDWD DWD DBD

*Regression A

regress PWD DP LDP ED FDD EO FOD RWD EMUa EMUb EMUc DBDemu DWDemu LDBD LDWD

*Regression B

regress PWD DP LDP ED FDD EO FOD RWD EMUa EMUb EMUc DBDemu DWDemu LDWD LDBD i.Date

*3 - Reg on the Equity portfolio for EQUITY holdings

corr PWE EP LEP ED FDE EO FOE RWE EMUa EMUb EMUc DBEemu DWEemu LDBE LDWE DWE DBE

xtsum PWE EP LEP ED FDE EO FOE RWE EMUa EMUb EMUc DBEemu DWEemu LDBE LDWE

*Regression A

regress PWE EP LEP ED FDE EO FOE RWE EMUa EMUb EMUc DBEemu DWEemu LDBE LDWE

*Regression B

regress PWE EP LEP ED FDE EO FOE RWE EMUa EMUb EMUc DBEemu DWEemu LDBE LDWE i.Date