Record Nr. UNINA9910788233203321
Autore Tong Hui

Titolo Real Effects of the Subprime Mortgage Crisis: : Is it a Demand or a

Finance Shock? / / Hui Tong, Shang-Jin Wei

Pubbl/distr/stampa Washington, D.C.:,: International Monetary Fund,, 2008

ISBN 1-4623-3258-7

1-4527-6219-8 9786612841378 1-4518-7044-2 1-282-84137-8

Descrizione fisica 1 online resource (39 p.)

Collana IMF Working Papers

IMF working paper;; WP/08/186

Altri autori (Persone) WeiShang-Jin

Disciplina 338.542

Soggetti Financial crises - Economic aspects

Liquidity (Economics)

Subprime mortgage loans - Economic aspects - United States

Finance: General Investments: Stocks Macroeconomics

Price Level Inflation Deflation

Portfolio Choice

Investment Decisions Commodity Markets Pension Funds

Non-bank Financial Institutions

Financial Instruments Institutional Investors

Finance

Investment & securities

Asset prices Liquidity

Commodity prices

Stocks

Liquidity indicators

Prices Economics

П	Init	ed	S	tat	ŀρ¢

lın	101	10	~ 1	nii	hh		azio	\mathbf{n}
	ии	10	C III	UU		III .c	17 IU	// /⊏
	.,9,	~~	٠.	\sim	\sim			

Inglese

Formato

Materiale a stampa

Livello bibliografico

Monografia

Note generali

Description based upon print version of record.

Nota di bibliografia

Includes bibliographical references.

Nota di contenuto

Contents; I. Introduction; II. Specification and Key Variables; A. Basic Specification; B. Key Data; III. Empirical Analysis; A. Basic Results; B. Evolving Roles of Liquidity Constraint and Demand Contractions; C. Alternative Measure of Financial Dependence; D. Placebo Tests; E. Exposures to Exchange Rate and Commodity Price Movement; F. Additional Robustness Checks and Extensions; IV. Conclusion: References: Tables: 1a. Summary Statistics: 1b. Correlation Among Variables: 2. Change in Stock Price during the Subprime Crisis: 3. Alternative Measure of Financial Dependence

4. Does Liquidity Constraint Explain Changes in Stock Prices During September 10-28, 2001?5. Placebo Tests: Stock Price Changes Before the Subprime Crises; 6. Adding Exposures to Exchange Rate and Commodity Price Movement; Figures; 1. The Log of Stock Index during Subprime Crisis; 2. News Count of "Subprime" and "Crisis"; 3. Consensus Forecast of U.S. Real GDP Growth; 4. Consumer Confidence around Sept. 11th and Subprime Crisis; 5. TED (Euro-dollar bond over Treasury Bond) spread around September 11th and Subprime Crisis: 6. Cumulative Stock Returns Since August 2007

7. Key Regression Coefficients from Successively Expanding Samples

Sommario/riassunto

We develop a methodology to study how the subprime crisis spills over to the real economy. Does it manifest itself primarily through reducing consumer demand or through tightening liquidity constraint on nonfinancial firms? Since most non-financial firms have much larger cash holding than before, they appear unlikely to face significant liquidity constraint. We propose a methodology to estimate these two channels of spillovers. We first propose an index of a firm's sensitivity to consumer demand, based on its response to the 9/11 shock in 2001. We then construct a separate firm-level index on financial constraint based on Whited and Wu (2006). We find that both channels are at work, but a tightened liquidity squeeze is economically more important than a reduced consumer spending in explaining cross firm differences in stock price declines.