1. Record Nr. UNINA9910788233203321

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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
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Stocks
Liquidity indicators
Prices
Economics

	United States
Lingua di pubblicazione	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 non-financial 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.