

1. Record Nr.	UNINA9910813692103321
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
Edizione	[1st ed.]
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

	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	<p>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</p> <p>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</p> <p>7. Key Regression Coefficients from Successively Expanding Samples</p>
Sommario/riassunto	<p>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.</p>