1. Record Nr. UNINA9910967123203321

Autore	Mendoza Enrique
Titolo	Are Asset Price Guarantees Useful for Preventing Sudden Stops?A Quantitative Investigation of the Globalization Hazard-Moral Hazard Tradeoff / / Enrique Mendoza, Ceyhun Bora Durdu
Pubbl/distr/stampa	Washington, D.C. : , : International Monetary Fund, , 2006
ISBN	9786613830630 9781462337705 1462337708 9781452708782 1452708789 9781283518185 128351818X 9781451908695 1451908695
Edizione	[1st ed.]
Descrizione fisica	1 online resource (42 p.)
Collana	IMF Working Papers
Altri autori (Persone)	DurduCeyhun Bora
Soggetti	Economic policy Globalization Asset prices Capital movements Consumption Deflation Economics Exports and Imports Finance Finance: General Financial Instruments Financial risk management General Financial Markets: Government Policy and Regulation Inflation Institutional Investors International economics International Investment Investment & securities Investments: Stocks Long-term Capital Movements Macroeconomics

Macroeconomics: Consumption
Moral hazard
Non-bank Financial Institutions
Pension Funds
Price Level
Prices
Saving
Stocks
Sudden stops
Wealth
Mexico

Lingua di pubblicazione	Inglese
Formato	Materiale a stampa
Livello bibliografico	Monografia
Note generali	"March 2006."
Nota di bibliografia	Includes bibliographical references.
Nota di contenuto	""Contents""; ""I. INTRODUCTION""; ""II. A MODEL OF GLOBALIZATION HAZARD AND PRICE GUARANTEES""; ""III. CHARACTERIZING THE GLOBALIZATION HAZARD-MORAL HAZARD TRADEOFF""; ""IV. QUANTITATIVE ANALYSIS""; ""V. NORMATIVE IMPLICATIONS AND SENSITIVITY ANALYSIS""; ""VI. CONCLUSIONS""; ""REFERENCES""
Sommario/riassunto	An implication of the "globalization hazard" hypothesis is that sudden stops could be prevented by offering foreign investors price guarantees on emerging markets assets. These guarantees create a tradeoff, however, because they weaken globalization hazard by creating international moral hazard. We study this tradeoff using an equilibrium asset-pricing model. Without guarantees, margin calls and trading costs cause Sudden Stops driven by Fisher's debt-deflation process. Price guarantees prevent this deflation by propping up foreign asset demand, but their effectiveness and welfare implications depend critically on the price elasticity of foreign demand and on making the guarantees contingent on debt levels.