Macro Risk Premium and Intermediary Balance Sheet Quantities

Published: 03 August 2010

Volume 58, pages 179–207, (2010) Cite this article

IMF Economic Review

Aims and scope →

20 February 2023 | Article | 21 July 2020 | Chapter | © 2023

Notes

1. The model in Adrian and Shin (2009a) outlined in this section does derive equilibrium in capital markets, but it is not a fully developed general equilibrium model. However, the mechanisms outlined in this section are inherently equilibrium effects.

2. Cúrdia and Woodford (2009) present a model that is giving rise to a reduced form very similar to equations 2a–2d. However, as mentioned already, the type of financial intermediary frictions they introduce differs from the model that we described earlier.

7. Adrian and Shin (2008a and 2008b) separately examine the interaction between balance sheet growth and the federal funds target separately for “normal” and for crisis periods, and show that the countercyclical monetary policy response is because of cuts in the target following episodes of financial crisis.

References

Adrian, Tobias, Adam Ashcraft, and Zoltan Pozsar, 2010, “Shadow Banking,” (unpublished; Federal Reserve Bank of New York).

Adrian, Tobias, and Arturo Estrella, 2008, “Monetary Tightening Cycles and the

Adrian, Tobias, and Shin, Hyun Song, 2008a, Financial Intermediary Leverage and Value at Risk, Federal Reserve Bank of New York Staff Report 338.

Adrian, Tobias,and Shin,HyunSong, 2008b, "Financial Intermediaries, Financial Stability, and Monetary Policy," *Federal Reserve Bank of Kansas City Jackson Hole Economic Symposium Proceedings*, pp. 287–334.

Adrian, Tobias, and Shin, Hyun Song, 2009a, "Money, Liquidity and Monetary Policy," American Economic Review, Vol. 99, No. 2, pp. 600–605.

Article Google Scholar

Article Google Scholar

Bernanke,BenS., and Mark Gertler, 1989, "Agency Costs, Net Worth, and Business Fluctuations," American Economic Review, Vol. 79, No. 1, pp. 14–31.

Google Scholar

Borio, Claudio, and Haibin Zhu, 2008, "Capital Regulation, Risk-Taking and Monetary Policy: A Missing Link in the Transmission Mechanism?" BIS Working Paper 268 (Basel, Bank for International Settlements).

Brunnermeier, Markus K., and Yuliy Sannikov, 2010, "A Macroeconomic Model with a Financial Sector," (unpublished; Princeton University).

Gertler, Mark, and Nobu Kiyotaki, 2010, “Financial Intermediation and Credit Policy in Business Cycle Analysis,” (unpublished; New York University and Princeton University).

Gilchrist, Simon, and Egon Zakrasjek, 2009, “The Price of Default Risk and Business Cycle Fluctuations,” (unpublished: Boston University).

Kiyotaki, Nobuhiro, and John Moore, 1997, “Credit Cycles,” Journal of Political Economy, Vol. 105, No. 2, pp. 211–248.

Article Google Scholar

Laubach, Thomas, and John C. Williams, 2003, “Measuring the Natural Rate of

Monetary Policy (Princeton, NJ, Princeton University Press).

Google Scholar

Additional information

*Tobias Adrian is Assistant Vice President and Emanuel Moench is an Economist with the Federal Reserve Bank of New York. Hyun Song Shin is a Professor of Economics at Princeton University. The authors thank the editors, Pierre-Olivier Gourinchas and Ayhan Kose, two anonymous referees, Vasco Cúrdia, Mike Woodford, Simon Gilchrist and participants at the 10th Jacques Polak Research Conference at the IMF in November 2009 for comments and discussions. The

Search

Search by keyword or author

Navigation

Find a journal