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Macro Risk Premium and Intermediary Balance Sheet Quantities

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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.

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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.

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