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Bank characteristics and stock reactions to federal funds rate target changes

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Abstract

This study investigates how bank characteristics affect bank stock reactions to changes in the fe ... of the United S ... the effect of changes ... than on small ba ... ore responsi ... nsitive to unexp ... the marg ... matter to banks' s ... stigate how bank sto ... characte

Keywor
JEL Classification: G21 G28 G14 E44 E58

Notes

[1] The isolation of the surprise elements from the announced target changes is discussed later in the article.

[2] Data is available at http://chicagoFed.org/economic_research_and_data/bhc_data_2001_2006.cfm, accessed 26 December 2008.

[3] FDIC, http://www2.fdic.gov/hsob/index.asp, accessed 2 January 2009.

[4] FDIC's Risk Management Manual of Examination Policies (Section 6.1: Liquidity and Funds Management), available at http://www.fdic.gov/regulations/safety/manual/section6-1.html, accessed 5 January 2009.

[5] On 3 October 2008, FDIC deposit insurance temporarily increased from $100 000 to $250 000 per depositor per insured bank through 31 December 2009. Later the new coverage of $250 000 was extended to 31 December 2013.

[6] The method to isolate the unexpected components from the announced or raw changes is discussed in Kuttner (2001) and Bernanke and Kuttner (2005). See Yin et al. (2007) for the separation of expected and unexpected target changes.

[7] Summ

[8] The ba e adjusted for divid

[9] See

[10] Ret are available on an ar ts (SROA) are calc ta.

[11] Corre

[12] Results are available upon request.